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THE  
SOUTHWESTERN SOCIAL SCIENCE  
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Iceland in the Post-War World<sup>1</sup>

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The principal contestants in this war, concerned with the vastness of their task, are often unmindful of the conditions inadvertently resulting from their activities in the smaller countries whose misfortune it is to be of temporary strategic importance to the great powers. Such an area is the Regency of Iceland, a small, impoverished country with proud historic and literary traditions. The belligerent powers, when the days of peace return, will tend to be indifferent to this wind-swept, rocky isle. The Icelanders, however, will never be able to disregard the occupation of their homeland because of its political, economic and cultural impact upon their national life. It is the purpose of this article to gauge the probable effects of this occupation upon the future development of Iceland in the post-war world.

In order to understand the Icelandic attitude towards international affairs, as well as to evaluate those factors in the Icelandic character which influence the thinking of the people, it is necessary to consider briefly the political background of Iceland. Iceland has, since 1381, been a dependency of Denmark. Behind this lies a long history of association with Norway and an even longer one as the outpost of Scandinavian culture in the Arctic. Since the middle of the Nineteenth Century Iceland has been restless under Danish rule. Denmark, in accordance with the economic policies of the Eighteenth Century, maintained a monopoly of the economic life of its island colony, and following the principles of mercantilism to their logical conclusion, prohibited trade with

<sup>1</sup> The opinions expressed in this article are solely those of the author and must not be construed as reporting the views of the Naval Service of which he is now a member.

Iceland except by licensed Danish firms, and then only in Danish-owned vessels. Industry within the island and the development of handicraft, except of most limited kinds, were discouraged. All exports went to Denmark, and all imports passed through Danish control. Politically the island was an integral unit of the Danish kingdom, and not until 1903 was Iceland given substantial control over its own internal affairs. Against this paternalistic system the Icelandic patriots protested vehemently, and ultimately, after a long struggle, the Union of 1918 was passed, which separated Iceland from Denmark, and established it as a free and independent kingdom under Christian X, who assumed the title of King of Iceland in addition to that of King of Denmark. Iceland was now left relatively free to develop its economic and political life through its own national agencies and was united with Denmark only in a personal union under a common king. The Danish state undertook to conduct the foreign affairs of the Icelandic kingdom, to police the fishing grounds, and to afford protection against hostile attack. Even this very considerable measure of autonomy was not satisfactory to the Icelanders who desired to sever entirely their connections with Denmark. The Union Act provided that after 1940, following due notice and joint agreement between the Parliaments of the two countries subsequently confirmed by a plebescite, the union might be terminated and Iceland allowed to go its own way. The orderly accomplishment of this aim was rendered difficult by the rise of Hitlerism in Europe and the seizure of Denmark by German troops in 1940. At this time it became obviously impossible for the Danish King to exercise his prerogatives in Iceland or for the Danish state to carry out its undertaking in regard to the international representation and defense of Iceland. It was likewise impractical to enter into the negotiations envisioned by the original treaty for the termination of the Union Act. Accordingly, in May of 1941 the Icelandic Althing appointed a Regent to exercise the prerogatives of the crown until such time as the political future of Iceland could be settled. On 17 May, 1941, resolutions passed the Althing which were interpreted by Icelanders as indicating the desire of their country to terminate unilaterally their relations with Denmark and establish a Republic, which many hoped could be ac-



completed in 1944, upon the elapsing of a three year notification period. In the meanwhile Iceland has established its own diplomatic representation for the first time in England and the United States, has availed itself of lend-lease aid, and participated in the relief and Rehabilitation Conference recently held in the United States.

The political situation of Iceland was further complicated by its occupation by British forces in 1940 and by the intervention of America, at the invitation of the Icelandic government, in 1941. Since that time the demand for complete independence, which as noted above is based upon a long and deep-seated desire of the Icelandic people, has remained a delicate and ever-present factor in Icelandic political life. It is clear today that the majority of people in Iceland are determined upon the severance of their union with the King of Denmark. It is likewise evident that the majority of Icelanders are indifferent as to the time when this should be accomplished, and out of sympathy for Denmark, which has been accentuated by the country's present unhappy plight, probably would be willing to refrain from forcing the independence issue through its last legal phase until the termination of the present hostilities and the reestablishment of more normal relations with the mother country. On the other hand, the independence question has been constantly used as a political football by the leading parties who have vied with each other in playing upon the nationalism of the Icelandic people as a means of obtaining support in local elections. In 1943 an attempt was made to declare Iceland a Republic on the grounds that the international situation had so altered as to have terminated the Icelandic Union Act without need for further action on the part of either party. Accordingly, a Republican constitution was drawn up and preparations were made for the establishment of this new form of government. The United States, however, made it clear that such action was, in its opinion, premature, since Denmark could not properly be consulted as provided for in the Union Act, and recommended that the matter be tabled for the present. This was done, and the political parties retreated behind the slogan of "Independence in 1944." The political opponents of the present conservative coalition government endeavored to embarrass the

administration by reviving the independence issue at the end of 1943, only to have the Prime Minister adroitly turn the tables upon them by announcing in the Althing that his government would make no recommendations either for or against the immediate declaration of independence but would act upon whatever instructions a majority of the Althing presented to the government. The Althing which is now in session has not yet been willing to commit itself irrevocably one way or the other on this problem, but it is clear that in all probability a republic will be proclaimed by the summer of 1944. The only opposition to such action is found amongst certain Icelanders who feel that since independence is assured in any event, it would be more dignified for Iceland to await the termination of the war and arrange the matter then in cooperation with a liberated Denmark.

The present international position of Iceland is clear. It is a kingdom whose executive authority is the King of Denmark and Iceland who, at present unable to exercise his constitutional powers, is represented in Iceland by a Regent. In such terms as these the American and British governments have been willing to acknowledge Iceland as an independent state. The legal situation will be somewhat different if the Icelanders unilaterally proclaim their Republic in the summer of 1944. Whether or not the American and British governments will recognize such a step is a matter not yet decided. The probabilities are that they will, but neither government has yet made any declaration upon that point. The independence of such a Republic, from a technical point of view, is open to some doubt, since Iceland, being jointly occupied by British and American military forces, can hardly be said to be a sovereign nation. Even upon the withdrawal of the occupying forces after the war, Iceland's political independence will be precarious, for unless it gravitates into the economic and defensive sphere of one of the great powers, it will not be economically able to maintain its status as an independent unit in the world of nation states.

Iceland's economic future is even less attractive than its political. At the present time Iceland is enjoying a false prosperity due to the occupation and the expenditure of governmental and

private funds resulting therefrom. In addition, the international markets for the products of Iceland, chiefly fish, but including some mutton and wool, stand at an inflated figure. Prior to the war Iceland's exports went to the United Kingdom, Portugal and Spain. At the present time nearly all of its exports go to England, the bulk of its imports coming from the United States under lend-lease agreements. Formerly Iceland was able to maintain a favorable balance of trade and still import the manufactured goods necessary for its existence; but with the increasing demand for these goods, due to prosperity, plus a demand for certain luxury commodities, Iceland has had, despite the high market value of its exports, an unfavorable balance of trade since 1942.

After the war Iceland will be in the position of having to maintain its export markets against a renewed international competition from Scandinavia, the United Kingdom, and the United States, in the face of a drastically decreased price level. This situation will be aggravated by the fact that the Icelandic shipping fleet, which is the basic element in its economy, will be in a depleted condition. The average age of Iceland's trawlers prior to the outbreak of European hostilities was twenty years or better. This fleet has not been materially augmented or refitted during the war period, and the possibilities of rebuilding it anew after the war will be severely curtailed by the economic depression which will undoubtedly take place in Iceland upon the termination of the occupation. At the moment, a movement is underway to place orders in Sweden for some thirty small fish-boats to be delivered at the end of the war, but the opposition of local ship builders is so strong as to make the success of this project unlikely. Although the large trawler firms have accumulated sizeable credits abroad, they are apparently unwilling to use them for the rebuilding of their fleets, looking to governmental subsidies for any future reconstruction program. The government, however, although it has accumulated some foreign exchange, will not be in a position to grant these subsidies at the end of this war, since even now it is barely able to balance its annual budget. The only solution to this particular problem would be the rise of a strong government in Iceland which would seize the foreign credits of private individuals and use them for national

purposes. This would not be difficult to accomplish, since under the existing exchange agreements between Iceland and the United Nations the private credits established abroad are frozen, a certain percentage only being subject to transfer to Iceland. These foreign credits are normally held in the name of the National Bank of Iceland which acts as an agent for the private parties concerned. It is assumed that at the conclusion of the war and the reestablishment of normal international exchange functions this capital will be returned to the private owners. The possibility of the Icelandic Government's being willing to sequester these funds in time to deal effectively with post-war recovery seems remote.

The Icelandic fishing industry will, in addition, face the competition of rebuilt Norwegian, British, and American fishing fleets. These countries have what Iceland has not, the raw materials and ship yards in which these fleets can be constructed. There can be little doubt, that the competition of these countries on the international market will be marked. Whatever small American Market may now exist for Iceland's fish will be curtailed by the revival of the American fishing industry. The British markets, which at the present time absorb all that Iceland can produce, will, after the war, buy from local concerns; and in all probability the pre-war quota assigned to Iceland will be reestablished. Spain, Portugal, and Germany will undoubtedly require fish as in the past and will absorb some of this Icelandic surplus, but the development of other markets, say in South America, will be dependent upon the acquisition by Iceland of refrigeration ships capable of carrying frozen fish to these areas. At the moment no plans have been made by the Icelanders for such an expansion.

The war has also had a disruptive effect upon Icelandic agriculture. The relatively Spartan existence of an Icelandic subsistence farm has not appealed to the younger generation, enticed by the high wages of the trawler fleets and the artificial prosperity of Reykjavik. Young men and women have left the farms, and the relative standard of living of the farmer, despite the increased prices for his products, has declined. To meet this situation the Icelandic government has commenced a system of sub-



sidies which amounted in 1941 to approximately 25 million Kronur<sup>1</sup> and in 1942 to 30 Million Kronur. The present budget provides for 15 million Kronur for 1944, but there is little doubt that this figure will be more than doubled before the end of the fiscal year. This subsidy program has relieved the agrarian situation somewhat, but the Icelandic government will not be in a financial position to continue these grants after the war. This will result in a decline in the living standard of the agricultural community, and probably cause a further migration from farming areas and possibly even from Iceland itself. It must be remembered that the arable land of Iceland is confined to the coastal plains and that even an energetic and subsidized exploitation of these areas would not result in the production of sufficient food to make Iceland independent of foreign imports. The pre-war development of power projects, which has continued during the present war, will bring some of the comforts of civilization to the agricultural areas, but the effect upon the productivity of Icelandic agriculture will not be appreciable. Iceland will be able to export some mutton and wool, but only at a much lower price level than now.

A further dislocation of the old economy has resulted from the importation of cheap clothing and leather goods from the United States. Whereas before the war there was an appreciable amount of local handicraft and industry, especially cloth and shoe making, this has rapidly declined with the advent of lease-lend relations with America. Local industry which supplied probably as much as 50 per cent of the Icelandic demands for these commodities, today supplies probably not more than 5 per cent. The loss of these local crafts, together with the skill necessary for their operation will, in the long run, be a serious blow to the wellbeing of the nation.

Nor is the urban picture promising. Reykjavik during the occupation has had the appearance of a boom mining town of the Roaring 40's. Numerous small shops catering to the forces have grown up, and established firms have become importers of cheap American and British goods. High wages and the presence of the

<sup>1</sup> A Kronur is worth approximately fifteen cents.



occupying forces have made these ventures economically profitable and have drawn into them far more persons than the post-war economy will be able to maintain. Although, as noted above, Iceland has a high potential of electrical power, this has limited significance in the absence of raw materials capable of industrial use. There is no industrial future for Iceland since every ton of steel and coal and every cord of wood necessary for the most elemental industrial production must be imported from abroad.

To top all of these facts is the lack of initiative shown by the Icelandic government. There is a dearth of far-sighted statesmanship in either the international or the internal fields. Although many business men foresee post-war difficulties, there is no concerted program by any political party for meeting these difficulties when they arise. There are no known plans for road building, public works, or other government financed construction or for the post-war depression period which seems inevitable.

What then will be the future of Iceland after this war? Present trends would indicate the following possibilities. Economically, the maintenance of an artificial prosperity for a year to eighteen months after the withdrawal of the occupying forces seems probable. This prosperity will result from the accumulated savings of the people and the government, but these will soon be exhausted. Labor unions will demand, and for a time receive, high wages. Agricultural subsidies will be paid until there is no more money for paying them. Income taxes will be increased, but foreign capital outside the country will be immune, and there will undoubtedly be a migration of business persons to America or England where they will live upon their accumulated war profits. Strikes will become chronic, especially when the fishing industry, secure in its holdings of foreign capital, would rather close down than operate at a wage scale unprofitable to the industry as a whole. Savings will be depleted; migration to foreign countries will become accentuated, and after a settling down period those persons remaining in Iceland will be compelled to accept a standard of living comparable to that enjoyed prior to 1930.

A possible solution, for some of these difficulties and one which as we have indicated seems unlikely, is the development of a strong

government which would confiscate the war profits and foreign credits of individuals and spend them in building a modern and efficient fishing fleet and in providing subsidies for agricultural production. In addition this government would have to enforce a reduced wage scale and a generally lowered standard of living. If this were done, Iceland might be brought through the stormy waters of the post-war period to the relative calm of peace and continue to operate on a curtailed and regulated economic basis. At the moment, there is no indication that either the leaders or the program will be forthcoming.

Politically, the Icelander continues to suffer from two diseases, an exaggerated nationalism, which insists upon Iceland assuming the expensive but unprofitable trappings of an independent sovereign state, and a greatly over-exaggerated idea of the importance of his country to the world today. Most Icelanders feel that America and Britain need the friendship of Iceland and will pay Icelandic prices for Icelandic products, with the result that the war prosperity will continue indefinitely. Others look to a great air center in Iceland and envision their island as a stopping place on the air routes of the world. This unrealistic, wishful thinking can ultimately produce only disillusionment and disaster.

Assuming that Iceland will find it difficult if not impossible to maintain its position as an independent republic after the war, its political future may develop along one of several lines. It may become a political and economic dependency of England. This would not be an unreasonable solution since England is the logical market for Icelandic products. In addition, the fuel oil supply of Iceland is controlled and distributed by a British Company which has an investment of some £550,000 in the island. Furthermore, from a strategic point of view, Iceland is of concern to England since it straddles the convoy routes to Europe and keeps a watchful eye upon the coasts of Norway and the approaches to Russia. The adequate harbor facilities of Queljford and Akureyri make them ideal bases for British Naval operations. Such a contract would be of great benefit to Iceland, but it runs afoul of Icelandic vanity and nationalism.

On the other hand, closer union with the United States, from the point of view of many Icelanders, would be desirable, although the mutual economic benefits noted in the case of England are lacking here. At the present it seems probable that the United States will not be concerned with Iceland from a military point of view after the war, since we have already stated our intention of withdrawing our forces at the conclusion of hostilities. An interest in the Icelandic air fields would, however, prove of some value to the United States, in the event that commercial aviation develops in that area. In any event, the government of the United States, pledged as it is to the good neighbor policy in South America, is not likely to commit itself in the northern areas to what might be interpreted as a policy of imperialistic expansion at the expense of a weaker nation.

Another possibility is that Iceland might retain its connections with Denmark. Certain obvious advantages are to be found here, but Denmark does not have the power to compel Iceland to remain in this union, nor are the Icelanders themselves far-sighted enough to see its advantages. Entrance into a Scandinavian block is possible, but the importance of Iceland to Norway and Sweden is so slight as to minimize the possibility of those nations pressing such a program forward.

To lend variety to the situation, there is the element of Russia. The development within Iceland of a communistic party orientated towards Russia has alarmed the conservative and agrarian groups. In 1942 the Russian government approached the governments of the United States and Great Britain asking their opinion on the establishment of Russian diplomatic relations with Iceland and were informed that neither government objected to such a move. In 1944 this project seems about to achieve completion with the announcement that a Soviet mission of approximately thirty persons will soon arrive in Reykjavik. The establishment of so extensive a diplomatic corps and the rising power of the Communist Party creates a question as to whether or not a Russian orientation is not within the realm of possibility. Should the "bear that walks like a man" establish himself firmly near the naval base of Quelfjord and the American air fields on the

island, what would be the attitude of the government of the United States and the government of Great Britain? On the other hand, against the foreign policy of the Union of Socialist Soviet Republics what effective barrier could a nation of 130,000 people impose?

Lastly, the psychological effect of the occupation upon the cultural eye of Iceland must not be lost sight of. The younger generation has come into close contact with British and, especially, American troops. New ideas and new ways of life have opened up to them. The importation of American goods has created a new demand for luxury commodities, and the standard of living has accordingly been raised. The inability of Iceland to maintain this standard after the war will necessarily create discontent amongst the youth of the land. As a result, not only those Icelandic women who have contracted alliances with the soldiers, but a goodly number of young men, will seek to migrate to the United States or England. The influence of this cannot fail to be marked on the traditionally conservative pattern of Icelandic life. Iceland has survived many periods of crisis in the past, chiefly because of her isolated location. Whether she will be able to withstand the influences of the more closely knit world of tomorrow will depend to a certain extent upon world conditions and politics, but to an even greater extent upon her ability to evaluate realistically her place in the international community and to develop the energetic political leadership requisite for the proper adjustment of her internal economic life.



## Mobility of a High-Status Group

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People move, that is, change their residences for many different reasons. All of them may be subsumed under the general heading of spatial adjustment, for whatever the reason people always move to better themselves. Sometimes they do not succeed in so doing. The jobs they had heard of may not materialize; the land they expect to till may not prove to be as rich as the reports; or the neighbors may turn out to be objectionable. Yet all who move believe or, at least, hope they will be on the whole more satisfactorily adjusted in the new environment than in the old.

The urge to move thus appears to have two aspects, dissatisfaction at home and the belief that more agreeable conditions may be found elsewhere. In particular cases either one of these aspects may be more prominent than the other. Prolonged droughts will force a farming population to move almost regardless of distant prospects; at the same time many persons who are well off may be lured away from a satisfactory position and into the unknown by high-powered advertising.

In a complete analysis of migration some attention should also be given to the matter of ability to move. Not all persons in a given society are equally mobile from this point of view. Young adults can stand the hardships of travel better than children or elderly persons, and people with money have an advantage over persons on relief. Those without family attachments or obligations can get away more easily than those who, if they leave, will have to break up strong affectional ties and deprive their dependents of economic support. Finally, there are psychological differences to take into account. From offhand observation it would appear that the buoyancy and optimism of youth would favor migration, whereas the conservative attitudes of old age would tend to retard all extensive movement.

With allowances for individual differences in ability to move, it becomes a foregone conclusion that the best adjusted people move the least. Carrying the conclusion a logical step further,



it might be supposed that the higher the social status of an individual the lower would be his mobility. Social status is largely local and presumably the higher the status the better the adjustment. Empirical observation seems to bear out this assumption. The great immigration movement from Europe to America was made up, not of the gentry, or of professional or skilled workers, but of peasants and unskilled laborers, persons from the lower socio-economic levels of their respective countries.<sup>1</sup> There are indications that similar conditions have prevailed with respect to internal migration in America, at any rate so far as rural people are concerned.<sup>2</sup> The pioneers of the frontier were usually poor and uneducated. However, the accumulation of facts bearing on this point is not extensive. Most studies have dealt with low-status groups, consequently we know relatively little about the mobility of the upper classes. The following study was made with the hope of increasing our knowledge in this area; it is offered as a minor contribution to our information on the migratory tendencies of a high-status group in America.

The study was made by comparing the residential addresses of 10,412 members of the Pi Beta Phi sorority as shown respectively in the national sorority directories of 1934 and 1938. Only those individuals were counted who were members in good standing and for whom addresses were given in both directories. The names were tabulated according to state and city of first residence, according to state of second residence for those who had moved out of the state, and according to city of second residence for those who had moved within the original state. Of the entire number 6747 or 64.8 percent lived in the same city in 1938 as in 1934. Seventeen hundred seventy-nine others or 17.1 percent lived in the same state but in a different city; 1886 or 18.1 percent had moved to a different state.

An indication of the mobility of the group is given in Table I. It will be observed that there is considerable variation in the ex-

<sup>1</sup> Imre Ferenczi, ed. by Walter F. Willcox, *International Migrations*, Vol. I, Statistics, p. 82, New York, 1929.

<sup>2</sup> C. E. Lively and Conrad Taueber, *Rural Migration in the United States*, W.P.A. Research Monograph XIX, p. 74, Washington, 1939.

tent of migration from state to state. It will also be observed that the numbers of out-migrants and the numbers of in-migrants are related in such fashion as largely to neutralize each other. There is, however, a definite trend of movement toward the "water rim," the only interior states to register gains being Kentucky, Nevada and New Mexico.

To give some indication of the direction of migration from particular states, the movement from four populous states, California, Illinois, New York and Texas, has been analyzed and presented in Table II in terms of the destinations of migrants. The figures show no simple lines of migration, but rather a tendency to move in all directions.

The original tabulations show the state into which each migrant moved. Limitations of space prevent the publication of the table, but a fair notion of the general direction of migration may be gained from Table III. The figures reveal a comparatively small movement out of the region of original residence, indicating that as a rule the group does not move far. The observed differences from region to region are in accord with the findings of the 1940 Census. The large proportion moving out of the Northwest is in line with the population changes affecting the Northwestern states from 1930 to 1940, and even later, and the considerable movement from the Southeast might be expected from the large natural increase of this region. The directional trends shown by the table indicate that the Southeast, the Midwest and the Northwest lost population to the East and the West. This observation also agrees with the results of the Census of 1940.

While final conclusions as to relative mobility can not be drawn, it seems fair to state that this sorority group moves a good deal. Possible explanations are found in the fact that most of these women left home to attend college, thereby widening their range of social contacts and learning of the attractions of other places. Many of them doubtless met their future husbands at college and upon marriage left the parental residence to establish new homes. The impression gained from the data suggests that marriage frequently results in a change of residence beyond the limits of the

home town. Furthermore, the group studied has several of the traits found by numerous investigators to be characteristic of highly mobile persons<sup>3</sup>. Many of the sorority members were young and unmarried; all of them could be described as highly educated. It is possible that traits making for mobility have obscured the influences of class affiliation, if such influences exist. The only sound conclusion possible, therefore, is that the group is highly mobile and that the pattern of mobility does not differ markedly from that of the population as a whole.

<sup>3</sup> W. Parker Mauldin, "Selective Migration from Small Towns," *American Sociological Review*, Vol. 5 (1940), pp. 748-758.

Gilbert A. Sanford, "Selective Migration in a Rural Alabama Community," *American Sociological Review*, Vol. 5 (1940), pp. 759-766.

T. Lynn Smith, "Characteristics of Migrants," *Southwestern Social Science Quarterly*, XXI (1941), pp. 335-350.

**TABLE I**  
**MIGRATION STATUS OF SORORITY MEMBERS AND OF**  
**FAMILIES, BY STATES**

Area	Resident sorority members 1934	Sorority members remaining in same state 1938	Sorority members remaining in same city 1938	Sorority members moving out of state	Sorority members moving into state
Alabama	81	71	62	10	13
Arizona	76	51	47	55	19
Arkansas	209	172	142	37	13
California	738	680	459	58	176
Colorado	312	254	228	58	41
Connecticut	53	38	35	15	29
Dist. Columbia	145	98	98	47	63
Delaware	14	10	10	4	5
Florida	255	219	190	36	39
Georgia	33	19	17	14	18
Idaho	30	13	12	17	9
Illinois	938	773	569	165	180
Indiana	567	485	400	82	49
Iowa	527	402	294	125	43
Kansas	276	215	175	61	32
Kentucky	132	109	100	23	26
Louisiana	107	94	86	13	19
Maine	92	77	56	15	7
Maryland	60	42	37	18	26
Massachusetts	166	126	89	40	54
Michigan	221	180	130	41	50
Minnesota	198	149	124	49	35
Mississippi	14	11	10	3	3
Missouri	514	428	341	86	64
Montana	105	77	60	28	14
Nebraska	168	118	97	50	30
Nevada	90	79	70	11	2
New Hampshire	10	7	7	3	6
New Jersey	148	118	98	30	71
New Mexico	17	14	12	3	8
New York	489	388	265	101	182
North Carolina	137	111	99	26	19
North Dakota	69	48	37	21	2
Ohio	532	464	355	68	86
Oklahoma	371	312	251	59	41
Oregon	203	163	122	40	24
Pennsylvania	352	283	220	69	59
Rhode Island	2	1	1	1	7
South Carolina	54	41	34	13	6
South Dakota	98	82	63	16	6
Tennessee	163	129	115	34	21
Texas	499	457	369	42	67
Utah	199	157	144	42	16

Vermont	92	73	63	19	15
Virginia	100	73	61	27	42
Washington	326	283	227	43	43
West Virginia	137	107	88	30	12
Wisconsin	135	105	86	30	38
Wyoming	106	82	63	24	14
Offshore U. S.*	17	7	4	10	15
Foreign	35	31	25	4	25

\* Includes all United States Territories and Possessions.

TABLE II  
MIGRATIONS OF SORORITY MEMBERS FROM SELECTED STATES

States supplying migrants	Number of states receiving migrants	States receiving three or more migrants
California	22	Arizona, District of Columbia, Illinois, Massachusetts, New York, Oregon, Utah, Washington, Off-shore U. S.
Illinois	37	California, Connecticut, Indiana, Iowa, Kentucky, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, New York, Ohio, Pennsylvania, Tennessee, Texas, Wisconsin.
New York	34	California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, Missouri, Missouri, New Jersey, North Carolina, Pennsylvania.
Texas	18	Colorado, Illinois, Indiana, New York, Oklahoma, Virginia, Foreign countries.

TABLE III  
MIGRATION OF SORORITY MEMBERS FROM 1934 TO 1938, BY REGIONS\*

Resident sorority members 1934	RESIDENT SORORITY MEMBERS—1938					
	East	South-east	Midwest	South-west	North-west	Far West
East	1581	51	86	6	14	15
Southeast	64	1114	63	23	6	10
Midwest	152	60	3254	38	59	62
Southwest	17	16	17	863	23	19
Northwest	60	18	89	27	1090	74
Far West	29	8	17	11	17	1267

\* States are grouped by regions according to the plan followed by Odum and Moore in *American Regionalism*, (New York, Henry Holt & Co., 1938.)



## Max Weber and the United States

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When Max Weber died in 1920, it was fashionable in Europe to pay compliments to the mighty and wealthy Republic beyond the Atlantic and to her fortunate citizens. But some twenty years before America and Americans had been held, by Europe's educated circles, in a certain disdain. European scholars and other celebrities had then crossed the Atlantic primarily to be admired and to accept great honors from these somewhat "uncivilized" people. Among the very few distinguished visitors who considered it worth while to study the American way of life and to improve his rudimentary knowledge of the history and social institutions of the United States was Weber. In the fall of 1904 he he accepted an invitation to deliver a lecture at the Congress of Art and Science in St. Louis, Missouri, eagerly seizing the opportunity to get acquainted with the problems of American economic and political growth. He included in the trip of more than three months the eastern, southern, and northern sections of the United States, and inquired into the social forms of every region he visited. He was accompanied by his wife Marianne, who had her own scientific activity and was always a great help to her husband.

The voyage to the United States had still another importance in the scholar's life. He had just recovered from a terrible nervous collapse due to over-work which had led him voluntarily to resign his brilliant post as a regular professor of economics at Heidelberg University. Both he and his wife thought that the journey around this country would strengthen him and restore a part of his immense former capacity for work. From this point of view it was a full success; for in the same year he prepared the second part of his famous PROTESTANT ETHICS AND THE SPIRIT OF CAPITALISM, into which he put, according to Marianne Weber's testimony, all his American impressions.

Indeed, the sociologist had found in the United States what European civilization no longer exhibited at the beginning of the twentieth century: both the vestiges of the modern capitalistic

spirit and capitalism itself in its pure "ideal-typical" shape. Weber was deeply impressed by the fact that American every-day life of that age provided him with a practical proof of his well-known theory of the evolution of modern professional ethos from the doctrine of Protestantism. The genesis of Weber's impressions concerning the United States can be found in the extremely long and somewhat diffuse letters to his mother which are reproduced in Marianne Weber's biography of her husband, MAX WEBER, EIN LEBENSBIID.<sup>1</sup> From these hitherto untranslated letters we shall quote the most important passages.

While in New York he wrote: "By far the strongest impressions I have had in New York are both the perspective seen from the middle of the Brooklyn bridge and the great cemetery of Brooklyn, to which you have to ride by the Elevated Railway over the bridge. The contrast is unbelievable. On the Brooklyn bridge, the sidewalk is elevated in the middle. When crossing on foot at six o'clock in the evening, you see the roofs of the railway carriages on both sides running past you either way, at intervals of a quarter of a minute; on either side of them street cars follow at a distance of only a few yards from each other; every car is over-crowded with people who are barely hanging on; . . . an eternal running, rattling, whizzing. During all this time, the steam-whistles of the big ferry-boats are tooting far below. Along with this is the marvelous view of the fortified castles of financial capital ('die Zwingburgen des Kapitals') on the southern tip of the island on which the city of New York is situated, with all the towers, such as you find on the old pictures of Bologna and Florence; and around them everywhere are small clouds of smoke which arise from the steam machinery driving the elevators. It is, indeed, quite an extraordinary impression, especially taken in connection with the view towards the large harbor, the Statue of Liberty, and the open sea. I would not say that the skyscrapers are ugly—they resemble our 'lodging barracks' (Mietskasernen) with their bare fronts, ten of them placed upon one another. They produce a picture like a colored cliff with a mansion of robbers erected on top of it—it is certainly not 'beautiful,' but not the

<sup>1</sup> Tuebingen 1926.

ontrary either; and,—considered from a general point of view,—a symbol of what happens here—I could imagine it no more adequate." (1. c., p. 295).

One of the most important stops was Chicago, which Marianne Weber described as, "this monstrous city, still more than New York a point of crystallization of the American Spirit." Max Weber noted that "Chicago is" one of the most incredible cities of the world. Some comfortable and beautiful mansions are situated on the lake, most of them stone buildings of a most heavy and strong construction. Little old wooden houses are to be found directly behind them, as in Helgoland. Then there are the tenements of the workmen and much dirt in the streets (no pavement or only a very bad one outside of the mansion district), a scandalous state of the streets in the city, especially between the skyscrapers. Along with this soft coal is burned. When the hot dry wind comes from the deserts of the Southwest and blows through the streets, the entire aspect of the city, especially when the sun is setting in a dark yellow effect, is a fantastic one. During daytime you can't see farther than three blocks—everything is damp and smoky, the whole lake entirely covered with a violent aura of smoke, out of which small steamers appear suddenly and through which the sails of the departing ships disappear in the same quick fashion.

Along with this you have the dreary monotony of immense crowds of men. You ride from the city to Halsted Street (twenty miles long, I think) to districts at unbelievable distances, among street-blocks labelled with Greek inscriptions, as 'Xenodochia,' etc.; then other streets with Chinese saloons, Polish professional signplates, German beerhouses up to the stockyards.

As far as you can see from the clocktower of the firm Armour and Co., there is nothing but herds of beasts roaring and bleating, and there is unlimited refuse;—but on the horizon around the city (for it extends many miles farther, ending in various suburbs) are churches and chapels, sheds for elevators (every big hotel here has its smoking elevator), smoking chimneys, and buildings and mansions of every size. These are mostly small houses for a maximum of two families—therefore the enormous dimensions of the city. They differ from each other only in the

degree of cleanliness, according to the tenant's nationality. . . . The pell-mell of nationalities is unbelievable: the Greeks black the shoes of the Yankees for five cents; the Germans are their waiters; the Irishmen determine their politics; the Italians do the dirtiest spade-work. The immense city—in area larger than London!—reminds me, except in the mansion districts, of a man whose skin is drawn back and whose insides you may see working. For you can see everything: in the evening, for instance, in a small side-street in the city the prostitutes sit in their windows with their electric lights and—price tags! . . .

Everywhere the feverish activity strikes the eyes, especially in the stockyards with its 'ocean of blood,' where several thousand cattle and pigs are killed daily. From the moment the steer entering the slaughter-room without fear is hit by the hammer, falls down, and is caught by an iron clamp, which transfers it upstairs to begin its journey, the process continues without stopping. The carcass encounters other workmen, who remove its insides, tear off its skin and so forth but are always forced to depend on the machine-hours which bring the animal past their seats. You see quite amazing performances accomplished in this atmosphere of smoke, garbage, blood, and skins, where I myself was guided, for a half dollar, by a young boy in order not to get lost and suffocated in the dirt. Here you can follow the pig from the sliced meat until it becomes sausage in the can.

The workers often take several hours to ride home when work is finished at five o'clock, and the street-car company has been bankrupt for many years. As usual, it is administered by a receiver who is not at all interested in the quick liquidation of the business and does not purchase new cars; but the old ones are always out of order. Every year about 400 people are smashed or fatally injured; the fatalities cost the company \$5,000 each which is paid to their widows and other relatives, according to the law. The injured people receive as much as \$10,000.00 when the company neglects to adopt certain measures of protection. Now it has calculated that the 400 compensations are less expensive than the required measures of protection, and therefore it does nothing to arrange for the latter." (l. c., p. 298-300).



But, on the other hand, the visitors discovered in the "monstrous" city "mild forms of love, goodness, and justice" and even "an ardent desire for beauty and intelligence." Especially Jane Addams, the celebrated "angel of Chicago," guiding spirit of the famous Hull House settlement, left a deep impression on the Webers' minds. They admired still other "oases": the wonderful colleges, "colonies of charming buildings far away from the big city, situated on a green lawn carefully kept in order, in the shade of the old trees; worlds for themselves, full of poetic beauty and imbued with both culture and youthful pleasure. All that is fine, beautiful, and profound is placed here in the minds of the American youngsters belonging to a broad web of the society" (p. 300-301). Weber himself wrote: "The whole charm of youth and the memory of it is concentrated in this period. Numerous sports, agreeable forms of sociability, a great many spiritual suggestions given to each other, and durable friendships are the result. First of all, these young people are better taught to accustom themselves to regulated work than our students." (p. 301).

The sociologist found in every American college distinct vestiges of the *religious* spirit and its "organizing" power. He everywhere noted, according to Marianne, "something of the tradition of the Pilgrim Fathers which still binds the young man to the ideal of chastity, forbids indecent expressions, and teaches him a certain degree of chivalry toward women that does not exist everywhere in the framework of our average culture" (p. 301). Haverford, the Quaker College near Philadelphia, seemed to Weber the typical example of the predominance of that spirit. He wrote: "Even these Quakers are 'orthodox' only in so far as they are not Unitarians; all the other customs have disappeared. Their base-ball team is considered as the best in the country, and these fellows are extremely rich. In a student's room I found crossed fighting sabers and the inscription "RAUCHER," evidently taken away from a German smoker compartment. But the religious service still is, however, very 'original!' This silence: you didn't hear anything in the completely empty room—no altar nor icons—nothing but the burning of the fire-place and a suppressed coughing (it was cold). Finally, someone gets up who is impelled by the 'Spirit' and speaks as he wishes. Generally this is one of the



'elders' (both men and women) who, chosen by the community, sit on an elevated bench. Unfortunately, in this case it wasn't the woman I expected (an extremely old Quaker woman said to be the best speaker), but the librarian of the college, a skilful, but rather boring philologist. At the beginning the Spirit impelled him to provide us, in a rather dull but later on in a fairly competent manner, with an interpretation of the different names given to the Christians by the New Testament: a carefully prepared lecture ending with a practical moral. Then again a long silence, an improvised prayer of another 'elder'—again a long silence, then departure. But there was no singing nor organ-playing. They don't know it here." (p. 301-302).

But at other colleges the spirit of original piety had disappeared, and Weber discovered only some strange superficial shapes, as for example at the University of Chicago, which, according to Weber, had originally been established as a Methodist (sic!) institution. The scholar stated: "It seems unbelievable to find the following in the regulations . . . : the student is obliged to attend three-fifths of the daily services, or, instead of three hours of religious service, one more hour of lectures. If he has a greater 'chapel-record' (!! Exclamation points are Weber's), than he is obliged to have, it will be reckoned for the next college year and consequently he needs to attend much fewer services. With an unsatisfactory chapel record he is dismissed after two years. Along with all this the religious service is very strange: sometimes it is replaced by lectures on Harnack's 'History of Dogmas.' At the end of the service, the time of the next foot-ball game is announced, just as the harvest working-schedule has been announced in the churches of German villages. The whole is largely confusing—it is difficult to say how strong the indifference is at present. It has certainly increased, especially under the influence of the Germans. But the influence of the religious congregations on the universities is immense, compared with our Protestantism." (p. 302).

The sociologist was much attracted by the Southern States. He wanted to see with his own eyes "what Europe may not offer you: the conquest of the wilderness by civilization; a growing

city and the growing state, *Oklahoma*, established in the territory reserved for the Indians until a short time ago." (p. 303). He lived with a half-breed Indian. "Nowhere else," he says "could you find Indian lore and mythology so strangely mixed in with modern capitalistic civilization as you do here. The new railway from Tulsa to McAlester carries you first along the Canadian River shores for an hour through genuine wild forest. . . . But soon the forset will disappear too. In certain parts of the woods you may see groups of very old log-houses,—the Indian ones identified by colored shawls and exposed laundry,—but there are also fairly modern wooden houses and little homes direct from the factory priced at \$500.00 and up. These are erected on a stone-foundation, and around each of them can be seen a large field planted with both maize and cotton. . . . Then there are wide spaces of prairie-land, grown over in part with willows, cotton, and maize. Suddenly you smell oil: above the boreholes you see tall scaffolds resembling the Eiffel Tower, erected even in the woods. Finally we reach a city. This is a fantastic thing. Camp tents for the workmen, especially for the railroad workers constructing the new railways; streets in their 'natural' state; . . . wooden churches of about four or five denominations. On these 'streets' you are confronted with wooden houses, moved about on rollers, hindering your walk. . . . Along with this the customary mingling of telegraph, telephone, and electrical guide-wires; for street-cars are under construction, because the 'city' covers an immense space. We rode in a small carriage pulled by a giant horse. There are four schools for the different sects and there are also the public school with free attendance. Compulsory attendance is to be introduced. There is a hotel with modern rooms, but despite low rates it has even carpets on all its floors and all modern accommodations. . . . The immigrants coming from the North and the East are mostly poor devils, but they may, indeed, become rich people in a few years: the boom, therefore, is enormous, and despite all laws, real estate speculation flourishes. . . ." (p. 304-305). There is an incredible movement here, and I can't help finding in it a strong charm despite the oil stench and smoke, spitting Yankees, and the awful din of numerous clanging railways. I can't deny it: I like these people in general. All the

officials received me, of course, in their shirt-sleeves, and we stretched our legs together on the window seat. The 'lawyers' appear to be bold and audacious fellows, but there is a wonderful man-to-man unconstraint which, however, always sustains a mutual respect. . . . There is more civilization here than in Chicago, and it would be quite erroneous to think that you could behave as you want to. Courtesy is expressed, in extremely brief conversation, only by intonation and attitude, and the humor of these people is really marvelous. It is a shame, however: within one year everything will appear here as in Oklahoma City, i. e., as in every other city of America. WITH FURIOUS SPEED EVERYTHING THAT COULD HAMPER CAPITALISTIC CIVILIZATION IS SMASHED." (p. 305-306).

Concerning an excursion made to a club house situated at Fort Gibson on the Canadian River, Weber wrote: "Fort Gibson is a charming place in the forest, situated on a rather elevated point above the River. The club house, like all the others of its kind, is a place where you find a form of gay informality (*Gemuethlichkeit*) which we Germans don't know at all. 'Aunt Bessie' and 'Uncle Tom,' two very old negroes, are engaged for the service. There are beds for people coming for the night only during the burning summer heat, simple country dinners (raw tomatoes, ham, eggs, raw honey, milk) and—nearly always there is a merry group. The club consists of about forty people of various political faiths representing different professions or activities, always selected by ballot. It costs its members about \$75.00 per annum. At this price it replaces the tavern (*Kneipe*) and other social gatherings (only for the gentlemen: the ladies have their own 'receptions') and so is an object of pride, because it involves social exclusiveness for all taking part. It is the GREEK SYMPOSIUM TRANSLATED INTO AMERICA, for it knows of nothing but entertainment and joking, and, in time, of a few sports.

. . . If you walk across the long railway bridge, you risk the train's catching you on its cow-catcher. Along with this, there is always a large remainder of the primitive wilderness: burned trunks, tents of colonists, sometimes largely overweighted carriages of small ambulant farmers, out-dated loghouses, modern

industrial plants (but only partly constructed), negro huts filled with black people, everything spread out a great distance from everything else over the prairie; then you pass through the dense forest on the river and, all of a sudden, come upon just such a growing 'city' as Fort Gibson, with perhaps a hundred largely dispersed cottages, but an electrical power-station, telephone center, etc. Then again absolute desert and loneliness. . . .

Today I saw the Indians coming in groups to get their money. The full-blooded people have a distinctly tired look in their face and **certainly are soon bound to perish**; among the others you recognize intelligent heads. Their garments are nearly always of a modern European-American kind. . . . " (p. 306-307).

On his trip back to the East, Weber made a visit to Booker T. Washington's famous Institute for Negro Education at Tuskegee. It was his deepest impression of the journey. Marianne Weber calls the negro question the "giant problem" of the American nation, "the struggle between the white race and their former slaves," and continues: (p. 308) "What enormous conflicts are to be found in this part of the world! How petty the national life of our homeland must appear compared with these problems!" The scholar himself reported: "At Tuskegee, no one is allowed to engage in spiritual work only. Education of farmers, 'conquest of the soil,' is the aim of this institute. A very great degree of passionate enthusiasm is developed both among the teachers and among the pupils. This is true especially for the numerous mulattoes, quadroons, and only a hundredth negroes, who are all excluded legally from marriage with white people, and in fact from every contact and find themselves confined to their own train carriages, waiting rooms, hotels, and parks (as in Knoxville). For all these people, whom no one, certainly no non-American, may distinguish from white men and women, Tuskegee is the only place where they can breathe free air. The contrast between those people and the half-monkeys whom you meet on the plantations and in negro huts of the Cotton Belt is terrible, but no less terrible is the mental condition of the Southern white men, as soon as you pierce the personally attractive surface. Each of them has his own interpretation of the meaning of Booker



Washington and his work, and these opinions range from the deepest detestation of negro education, that takes away 'hands' from the planters, to the judgment that the negro educator is the greatest American of all times, with the exception of George Washington and Thomas Jefferson. But everybody shares the opinion that both 'social equality' and 'social intercourse' are impossible, even an equality with the cultured nine-tenths 'white' upper class negroes. The white men are bleeding to death in consequence of the restrictions considered as 'race-protection,' and the only enthusiasm you see in the South is to be found among that upper class of negroes, while you discover among the white men nothing but a blind, unfortunate hatred against the Yankee. I have spoken to about one hundred Southerners of all parties and classes, and the problem of their future seems to be absolutely insoluble according to what I have heard. Indeed, this uncle Fritz (one of Weber's relatives from his mother's side: Author's note) belonged to these honest, proud people doomed in today's struggle of life. Although he himself, a strict abolitionist, never possessed a slave, he fought for the slave-holders, because—according to Jefferson-Calhoun's theory—his state, Virginia, had the formal right of secession. He always had too many horses but he rejected the highest offers for them because his neighbor would then own a more beautiful horse than he. He was a Methodist because his wife tortured him every day with the fear of the punishments of Hell he would be subjected to otherwise." (p. 308-309).

From his relatives who lived as small farmers on the frontier between North Carolina and Virginia, Weber could gain much important material for his theme of old and new shapes of social forms within the democratic society. There he also studied the influence of religious sects on every-day life, but, at the same time, he noted their growing replacement (Ersatz) by orders and clubs of all kinds. For the organizations of the genuine religious sects were, at this period, just beginning to decline. "The enormous growth of clubs and orders," he wrote, "is about to replace the decaying organizations of sects. Almost every farmer and a great many businessmen bear their badge in their buttonhole, like the French their red ribbon. They do so not because of

vanity but because it serves as a legitimate indication that they have been recognized, by ballot, by a certain group of men who have made investigations about their character and behavior—I voluntarily recall our inquiries arranging for the choice of officers of the Prussian Army reserve. The badge performs the same service as the letter of recommendation did 150 years ago, given to a member of the older sects (such as Baptists, Quakers, Methodists) by his community for the brethren living out-of-town." (p. 312).

Weber very much admired Philadelphia, Washington, Baltimore, Boston and the wonderful buildings of Harvard Square. In Washington, he was greatly impressed with a religious service that took place among well-off negroes. "Everybody clad in silk, black ladies being extremely elegant; fine, intelligent negro and mulatto faces. The preacher being absent, a layman and then a guest from another city replaced him. I felt dismal, when with the growing impressiveness and passion of the sermon, a hollow groaning began, first—in a painful way—recalling the rumbling of the stomach. Then a kind of whispering echo was heard, repeating the last words of every sentence first in low tones then with a shrill voice, with 'Yes, yes!' or 'No, no!' responding to the priest who was no more passionate than the young Methodist in Mount Airy. . . . Indeed, I felt very gloomy. And along with this in the back rows where we were sitting there were laughing quadroons and tittering mulatto-girls. What contrasts within negro society, considered by us as being uniform." (p. 313-314).

Another strange impression of this American life of eternal contest: the bewildering consequences of an apparently banal foot-ball game. "To take the train to Boston seemed to have its inevitable difficulties. For the football-team of the University of Pennsylvania was departing for their big contest with Harvard. Two thousand students accompanied it to the station, and hundreds made the ten-hour trip together with the team. Consequently, the Philadelphia station was unusable for several hours of the evening. The rascals allowed nobody to pass, almost every one missed his trains, and a lady was terribly trampled. Here we saw everything from our carriage. The alumni have con-

structed, at the cost of a half million dollars, an immense amphitheatre of stone as big as the Colosseum, having a seating capacity of 40,000 people. Thundering songs of the victorious party—virtually all of the people of Boston and a great many Philadelphians being present—were to be heard after every play. The City Hall and entire city were covered with flags. When Harvard, finally, was defeated, a remarkable let-down followed. In the great Boston newspapers there appeared half a page concerning the Russo-Japanese war, three pages regarding the forthcoming Presidential Election, yet *eight* pages were dedicated to the game, including numerous interviews concerning each of the participants from the city. In Philadelphia there was a great holiday and, of course, unanimous opinion that the trampling of the lady had been largely compensated by the team's success. An amazing story!" (p. 314).

On his return to New York, Max Weber stayed there for quite a while, getting acquainted with many people. His total impression is summed up in the following statements: "The apparently strong hopelessness of social legislation because of the system of States' particularism, the corruption of so many union leaders, who after having provoked strikes arrange to be paid afterwards for settling them, . . . , the conditions in Chicago where it was impossible, in spite of a passionate agitation, to make a law for the protection of women against the perils of certain professions—until the very moment a trading firm was founded which fabricated such an apparatus of protection and then by bribing the officers of different states succeeded in convincing them of their public utility so that at last the use of the apparatus was legally prescribed etc., etc. Nevertheless, *it is a marvelous nation*, and only the negro question and some unfortunate incidents of immigration are forming the big black clouds." (p. 315). "A marvelous nation," repeated Marianne Weber, who was in the best position for knowing and interpreting her husband's opinion, "because in the same way as evil, the FRESH, YOUTHFUL ENERGY FOR THE GOOD REIGNS HERE." (p. 315).

When America's entry into the First World War was imminent, Weber's knowledge of this country would have been useful to the

Reich. But in vain he warned the Imperial German Government against getting into war with the United States. He tried hopelessly to prevent the worst by composing his "Memorandum Concerning the Unrestricted U-Boat War"<sup>2</sup> and submitting it to the German Foreign Office and to the leaders of the Reichstag parties as well.

In February, 1916, shortly after the "Lusitania" incident, he wrote to Friedrich Naumann, the leader of the Progressive People's Party and his intimate friend: "If the Wilhelmstrasse does not succeed in preventing the rupture with the United States *at any price*—I say: at any price—then our common work becomes as useless as any other. . . . It is a shame without precedent that nobody in Germany knows what an American electoral contest means and what its consequences are, and this despite all the lessons of history!" And a little later: "If only these crazy Pangermanists and Reich Navy people would not get us in the soup (*uns nichts einbrocken*) with America. The consequences would be: First, that half our merchant fleet, one-fourth in American, one-fourth in Italian harbors, would be confiscated and used AGAINST us, so that the number of English vessels increases—something those idiots don't take into account; second, that we shall have 500,000 American sportsmen as volunteers, superbly equipped, against our tired people—something those idiots don't believe; third, 40 billions in current American money for our adversaries; fourth, three more years of war, leading to our *certain ruin*; fifth, Rumania, Greece, etc. against us. And all this in order to allow Herr von Tirpitz to prove 'what he can do.' Nothing more stupid has ever been thought" (p. 571). And on March 15, 1916 (p. 571) he wrote: "Meanwhile, the dangerous possibilities of American patrictipation have reached their climax. I FEEL AS IF A HORDE OF MADMEN ARE GOVERNING US!!"

<sup>2</sup> Published in *Gesammelte Politische Schriften*, Munich, 1921, p. 64-72.



## Colorado Pioneers in the Civil War

L. A. McGEE

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The territorial form of government was inaugurated in Colorado on the eve of the outbreak of the Civil War. This sparsely settled frontier community, although far removed from the main theaters of war, played a relatively important part in that struggle. The people, having emigrated there from all parts of the Union, were divided in sentiment toward the approaching struggle according to the sectional interests they represented before leaving their former homes. Colorado, therefore, like a number of the states, had to determine whether to remain in the Union or to join the southern states in secession.

The Confederacy was represented in Colorado by an aggressive minority which undertook to swing the support of the Territory to the cause of the South and slavery. Early in 1861, this minority group made a number of public demonstrations of its sympathy for the South.<sup>1</sup> The press, which was thoroughly loyal, undertook to build up sympathy for the Union cause, and in doing so, apparently underestimated the extent of activity in behalf of the South. William N. Byers, editor of the *Rocky Mountain News*, leading organ for the agitation of Union sentiment in the Territory, declared in the issue of March 13, 1861, "There is a spirit of patriotism everywhere . . . which will frown down or fight down, any efforts to overthrow the Federal authority or subvert its claims to our allegiance." A number of mass meetings were held in which sympathy for the cause of the North was expressed. Byers, who seems to have been impressed by these demonstrations, declared:

All old party differences and distinctions are swallowed up and obsolete. But two parties now exist, Union and Disunion, and we are proud to know that in Colorado Territory, the people are almost to a man for the former.<sup>2</sup>

In keeping with the spirit of loyalty as expressed by the *Rocky Mountain News*, William Gilpin, the first Territorial Governor, upon his arrival in Denver, wrote Simon Cameron, Secretary of

<sup>1</sup> New York Daily Tribune, 1 February, 1861, 7:2; Frank Hall, *History of the State of Colorado*, I, 270-271.

<sup>2</sup> *Rocky Mountain News*, 29 May, 1861.

War in Lincoln's cabinet, "This Territory is at peace, devoted to the Union and full of energy."<sup>3</sup> Gilpin, it seems, did not realize, at that time, that there was in the Territory a considerable number of men whose sympathy for the South and whose loyalty to that section was unquestionable.

The campaign which preceded the election of August 19, 1861, in which members of the Territorial legislature and a delegate to Congress were chosen, provided an opportunity for agitation of the sectional issue. Although the outcome of the contest showed a large majority in favor of the union, the administration was disconcerted by the character of the opposition. In reporting the results of the election to the commander of the Department of New Mexico, Gilpin said, "The election just concluded exhibits an overwhelming popular majority in favor of the administration. It also reveals a strong and malignant element essential to be controlled."<sup>4</sup>

The opinion expressed by Governor Gilpin was concurred in by B. F. Hall, Chief Justice of the supreme court of the territory, who, in a letter to the President, stated that when the Southern element realized it had failed to elect its delegate to Congress "became more violent than before, (and openly threatened to burn the city (Denver) and exterminate the government." According to Justice Hall, when the secession movement got under way about six thousand men who had participated in the struggle to make Kansas a slave state came into Colorado, organized themselves into secret conclaves and began collecting arms. "By that early, stealthy movement," he said, "they obtained possession of nearly all the arms and ammunition in the territory." Hall asserted that on September 2, 1861, when he had impaneled a jury and charged it specifically on the subject of treason, A. B. Miller, who confessed to be the leader of 1,400 enlisted Secessionists,

<sup>3</sup> Gilpin to Cameron, 6 June, 1861, *The War of the Rebellion: A Compilation of the Official Records of the Union and Confederate Armies*, series III., vol. I., 257.

<sup>4</sup> Gilpin to Canby (undated), *ibid.*, ser. I., vol. IV., 68.

with a large party of his men, armed and mounted, demonstrated a while in front of the courtroom, then encamped outside of the town for the night, and the following day, after being joined by others pushed southward, whether to join the Texans or to instigate the Kiowas, Comanches, and Apaches in that quarter to make a descent upon us, we do not know.<sup>5</sup>

The state of unrest that existed in Colorado in the period immediately following the election of August 19, 1861, convinced the Governor that Colorado was in grave danger. In a letter to the Secretary of War he wrote:

This people are inclosed in a circle of hostile elements converging upon them, and are utterly destitute of arms, ammunition, or any weapons of self-preservation.<sup>6</sup>

In order to obtain munitions for the protection of the Territory the Governor took counsel with Justice Hall and together they made plans for the purchase of arms, ammunition and other necessary supplies.<sup>7</sup> Since the Governor was unable to procure new arms he sent agents among the people to buy such guns as they had for sale. By the purchase of arms in this manner, the administration found itself in competition with agents of the Confederacy who had posted notices in which they named places where good prices would be paid for both guns and ammunition.<sup>8</sup>

In an effort to provide a military force for the protection of the Territory the Governor appointed a military staff and commissioned officers whom he authorized to enlist men for the Federal service. Since he did not have funds with which to pay the expenses arising from these military preparations, Governor Gilpin issued drafts on the Secretary of Treasury of the United States, an act which caused discontent both in Washington and in Colorado, and ultimately led to his removal from office.<sup>9</sup> Meanwhile the efforts the Governor had made during the summer and autumn of 1861 to provide a force with which to defend the Territory and to keep it in the Union resulted in the formation of several military organizations the most important of which was the First Regiment of Colorado Volunteer Infantry,

<sup>5</sup> Hall to Lincoln, 13 September, 1861, *ibid.*, ser. III., vol. I., 505.

<sup>6</sup> Gilpin to Cameron, 26 August, 1861, *ibid.*, ser. I., vol. III., 496.

<sup>7</sup> Hall to Lincoln, 13 September, 1861, *ibid.*, ser. III., vol. I., 505.

<sup>8</sup> William Clark Whitford, *Colorado Volunteers*, 40-41.

<sup>9</sup> Frank Hall, *History of the State of Colorado*, I, 270-272.

consisting of ten companies with John P. Slough as Colonel, Samuel F. Tappan as Lieutenant-Colonel and John M. Chivington, first presiding elder of the Rocky Mountain district of the Methodist Church, as Major.<sup>10</sup>

The activities of the Secessionists and the preparation for defense went on simultaneously, with the outcome remaining in doubt for some time. Chief Justice Hall, in his communication to the President on September 13, said "We are holding this territory by a thread. If that thread breaks before we get relief, God only knows when or how it will be regained."<sup>11</sup>

In the early autumn conditions became more comfortable for the Unionists. The majority of the Secessionists, realizing that they were unable to organize within the Territory an effective force with which to aid the cause they represented, either returned to their former homes or entered the Confederate armies. Governor Gilpin in reporting their withdrawal from the Territory said:

The malignant secession element in this Territory has numbered 7,500. It has been ably and secretly organized from November last, and requires extreme and extraordinary measures to meet and control its onslaught. The core of its strength has at present withdrawn to gather strength from Texas, Utah, Arkansas, and from the country of the Confederate Cherokee, Creek, and other Indians. They contemplate to return with overwhelming strength to precipitate the neighboring Indians upon us.<sup>12</sup>

<sup>10</sup> Whitford, *Colorado Volunteers*, 42-47. According to the records of the War Department there were 1000 men in this regiment. *Offic. Rec.*, ser. III., vol. I., 699.

<sup>11</sup> *Offic. Rec.*, ser. III., vol. I., 507.

<sup>12</sup> Gilpin to Canby, October 26, 1861, *ibid.*, ser. I., vol IV., 73. Reports that the Secessionists contemplated the organization of the Indians for a movement against Colorado were groundless. The Texans, who were suspected of instigating such a movement felt that they had to defend their frontier against the marauding Comanches. Oliver Loving, who was in the Pike's Peak region from 1860 to 1861 said that the Indians who were committing depredations upon the frontier of Texas had their rendezvous on the Arkansas River about three hundred and fifty or four hundred miles from Weatherford, Texas. In the spring of 1862 Loving wrote Governor Frank R. Lubbock, of Texas, proposing to raise a force and go to the Indian encampment and destroy it. He said: "I am satisfied that we will not have any rest from these Indians until we go to their general rendezvous and destroy them. I am satisfied that with a few companies of men great good can be done by an expedition against them." Loving to Lubbock, (undated), Manuscript in the Library of the University of Texas.



With the departure of the secessionists the first phase of the struggle in Colorado came to an end,<sup>13</sup> leaving only a handful of Confederate sympathizers in the Territory; however, there were some alarmists who believed the number of secessionists remaining in the Territory was sufficiently large to constitute a threat to the safety of the Unionists.<sup>14</sup>

The first occasion for the employment of the military forces organized in Colorado under the leadership of Governor Gilpin arose in December 1861, when General H. H. Sibley led a force of about 3,500 Texans into New Mexico for the purpose of extending the power of the Confederacy by conquest and to enroll in the Confederate armies a large number of men resident in the southwest whose sympathies were with the South.<sup>15</sup>

When General E. R. S. Canby, Federal Commander in New Mexico, learned that a force of Texans threatened to invade that territory he became alarmed because he doubted his ability to resist invasion with the forces under his command. In a letter to the Assistant Adjutant-General in St. Louis, dated August 16, 1861, he said:

I question very much whether a sufficient force for the defense of the Territory can be raised within its limits, and I place no reliance upon any volunteer force that can be raised, unless strongly supported by regular troops.<sup>16</sup>

As a result of the weakness of the Union forces in New Mexico, two independent companies of Colorado troops, one commanded by Captain James H. Ford and the other by Captain Theodore

<sup>13</sup> Hall to Seward, 30 October, 1861, *Offic. Rec.*, ser. III., vol. I., 636; Leavenworth to Sumner, 22 March, 1863, *ibid.*, ser. I., vol. XXII., pt. II., 172; Nicolay to Dole, 10 November, 1863, *Report of the Secretary of the Interior*, 38 Cong. 1 sess., doc. No. 1, p. 265. (U.S. Ser. 1182.)

<sup>14</sup> Wanless to Clark, July 15, 1863, *Offic. Rec.*, ser. III., vol. III., 494; Soule to Wyncoop, 30 June, 1863, *ibid.*, ser. I., vol. XXII., pt. II., 363-369.

<sup>15</sup> The existence of Southern sympathizers in New Mexico, Colorado, Arizona and California, and the disaffection of the Mormons in Utah for the Union encouraged the Confederacy to make efforts to extend its power westward. Although it has been said that the Confederate government desired to extend its power to the Pacific the extent of Western territory that it actually planned to incorporate remains in doubt. Ralph Emerson Twitchell, *The Leading Facts of New Mexican History*, II, 361-366.

<sup>16</sup> *Offic. Rec.*, ser. I., vol. IV., 65.

<sup>17</sup> Whitford, *Op. Cit.*, 63-67.

Dodd, were ordered to their relief.<sup>17</sup> Captain Dodd and his men hurried southward and joined General Canby who was preparing to meet the enemy. The two forces met at Valverde, on the Rio Grande a few miles above Fort Craig, February 21, 1862. Although the Coloradoans gave a good account of themselves, the Federal forces were routed. General Canby, in his report of the battle, attributed the disaster to the refusal of one of the local "volunteer regiments to cross the river and support the left wing of the army."<sup>18</sup>

In the meantime a report of the serious condition in New Mexico had reached General David Hunter, commander of the Department of Kansas, who requested the acting governor of Colorado to send all available forces to the relief of Canby in New Mexico.<sup>19</sup> In response to Hunter's request, Lewis Weld, Territorial secretary and acting governor of Colorado Territory, ordered seven companies of the First Regiment of Colorado Volunteers, which were stationed at Camp Weld, to proceed to Santa Fe under the command of Colonel John P. Slough.<sup>20</sup> Subsequently the three remaining companies which were stationed at Fort Wise under the command of Lieutenant-Colonel Tappan proceeded to New Mexico under orders issued by General Hunter.<sup>21</sup> Thus, with the exception of the Denver Home Guards, the entire military force in Colorado, consisting of the First Regiment of Colorado Volunteers and the two independent companies commanded by Captains Ford and Dodd, was ordered to the relief of the Federal forces operating in New Mexico.

The first serious encounter between Colorado troops and the Texans occurred March 26, 1862, in Apache Cañon, about twenty miles east of Santa Fe. Here a Federal force of four hundred and eighteen men, mostly Coloradoans, under the command of Major Chivington, met two hundred and fifty or three hundred Texans under the command of Major Pyron. There ensued a skirmish in which the advantage was with the Federals, the

<sup>18</sup> *Offic. Rec.*, ser. I., vol. IX., 487.

<sup>19</sup> Hunter to the Acting Governor of Colorado, February 10, 1862, *ibid.*, 630.

<sup>20</sup> Weld to Canby, February 14, 1862, *ibid.*, 631.

<sup>21</sup> Donaldson to Thomas, 1 March, 1862, *ibid.*, 636.

Texans dropping back from time to time to secure a more advantageous position. The fight lasted from about two o'clock until sundown when Chivington, fearing that Texan reinforcements might be near, retired and encamped for the night.<sup>22</sup> When Colonel William R. Scurry, commander of a Confederate force which was encamped near by, heard of the engagement in Apache Cañon he started immediately for the scene of conflict and reached Pyron's encampment about three o'clock in the morning.<sup>23</sup> The same day, March 27, the Federal forces were united under the command of Colonel Slough at a point about twenty-seven miles from Santa Fe.<sup>24</sup> On the following day Colonel Scurry with a force of about six hundred men moved forward to attack the Federals. In Glorieta Cañon, about twenty-three miles east of Santa Fe, he encountered a Federal force of about nine hundred men, mostly Coloradoans, under the command of Colonel Slough. The ensuing encounter was desperate, but the advantage was with the Texans. In his report of the engagement Colonel Scurry said:

The action commenced at about eleven o'clock and ended at five-thirty, and, although every inch of ground was well contested, we steadily drove them back until they were in full retreat our men pursuing until from sheer exhaustion we were compelled to stop.<sup>25</sup>

Colonel Slough stated in his report of the battle that,

The fighting was all done in thick covers of cedars, and having met the enemy where he was not expected the action was defensive from its beginning to its end.<sup>26</sup>

While the engagement in Glorieta Cañon was in progress a Federal force of about four hundred and thirty men, under the command of Chivington, discovered the Confederate supply train

<sup>22</sup> Chivington to Canby 26 March, 1862, *ibid.*, 530-531; also the report of Captain Walker, *ibid.*, 531.

<sup>23</sup> Scurry to Jackson 31 March, 1862, *ibid.*, 542.

<sup>24</sup> Slough to the Adjutant-General of the U. S. Army, March 30, 1862, *ibid.*, 534.

<sup>25</sup> *Ibid.*, 541.

<sup>26</sup> *Ibid.*, 535. The number of men attributed to each force is taken from the report of the officer who commanded the force. Slough's force numbered 1,342 men, but about 430 of these, under the command of Chivington did not take part in the engagement. *Ibid.*, 533; 534; Scurry reported about 600 men fit for duty, *ibid.*, 534.

which was under guard in a cañon near by. Under the guidance of a native, Chivington's force entered by a secret path, surprised the guard, captured and burned eighty wagons which were loaded with supplies of ammunition, clothing and subsistence, took seventeen prisoners and captured a few horses and mules.<sup>27</sup> A report of the destruction of the wagon train reached the Texans near the end of the fight in Glorieta Cañon. The significance of the destruction of the Confederate supplies was pointed out by Colonel Scurry in his report of the battle: He said:

The loss of my supplies so crippled me that after burying my dead I was unable to follow up the victory. My men for two days went unfed and blanketless uncomplainingly. I was compelled to come here (Santa Fe) for something to eat.<sup>28</sup>

The engagements of March 28, 1862, were decisive. The Texans, although successful in the main battle, were unable to continue the campaign because of the loss of their supplies. Bancroft said:

This virtually ended the campaign; the 'Pike's Peak'ers' had proved more than a match for the 'Texas Rangers,' saving New Mexico for the union; and Chivington, presiding elder of the Methodist church in Colorado, had made himself the hero of the war.<sup>29</sup>

After the engagement at Glorieta the Texans retreated. Although Canby followed them for some distance they were permitted to leave New Mexico without further serious encounters.<sup>30</sup> Early in 1863 the First Regiment of Colorado Volunteers returned to Colorado Territory where, subsequently, "some of the detached companies rendered efficient service in the Indian wars which

<sup>27</sup> Chivington's report of the destruction of the train, 28 March, 1862, *ibid.*, 538-539.

<sup>28</sup> *Ibid.*, 542.

<sup>29</sup> Hubert Howe Bancroft, *History of Arizona and New Mexico*, 697. Chivington is probably better known for the surprise attack he made on an encampment of Arapahoe and Cheyenne Indians on Sand Creek, near Fort Lyon, 29 November, 1864. The Indians who had voluntarily moved into the vicinity of the Fort and had placed themselves under the protection of Major Wyncoop were led to believe that they would be treated as friendly Indians so long as they conducted themselves quietly. 38 Cong. 2 sess., *Senate Report No. 142*, pt. III., (U. S. Ser. 1214): 39 Cong. 2 sess., *Senate Executive Document No. 26*, 123-124.

<sup>30</sup> *Offic. Rec.*, ser. I., vol. IX., 550-551.



ensued."<sup>31</sup> The contribution of the Coloradoans to the success of the Federals in New Mexico was considerable. They received the shock of the Texan attacks in Apache Cañon and at Glorieta; and it was they who destroyed the Texan supply train, an act which made the continuation of the campaign impossible. These acts constituted the contribution to the Union cause of the First Regiment of Colorado Volunteers who had met the Confederates in their last engagement. There were, however, other military organizations recruited in Colorado which opposed Confederates elsewhere, but their achievements were less significant than those of the First Regiment because the forces which they resisted constituted no threat against Colorado Territory, and the success of the Federals depended less upon their action.

During the early part of 1862, Jesse H. Leavenworth, acting under authorization of the Secretary of War<sup>32</sup> enlisted six companies of Coloradoans which were combined with other military units and designated the Second Regiment of Colorado Volunteers. In 1863 this force was ordered to Fort Scott, Kansas, under the command of Lieutenant-Colonel Dodd.<sup>33</sup> Subsequently it was employed in guarding commissary trains and during the summer of 1863, detachments of this regiment were involved in three engagements within the area which now constitutes the State of Oklahoma.<sup>34</sup>

In March 1863, the Third Regiment of Colorado Volunteers, a small organization which had been enlisted under the leadership of Colonel William Larimer, was ordered to proceed to Pilot Knob, Missouri.<sup>35</sup> In the autumn the Second Regiment of Colorado Cavalry, which numbered about seven hundred men, was

<sup>31</sup> Hall, *Op. Cit.*, vol. I., 285-287.

<sup>32</sup> Thomas to Leavenworth, 17 February, 1862, *Offic. Rec.*, ser. III., vol. I., 892.

<sup>33</sup> Hall, *Op. Cit.*, vol. I., 293-294.

<sup>34</sup> Phillips to Blunt 30 May, 1863, *Offic. Rec.*, ser. I., vol. XXII., Pt. II., 298; Williams to Phillips, July 1863, *ibid.*, vol. XXII., Pt. I., 380; Blunt to Schofield, 26 July, 1863, *ibid.*, ser. I., vol. XXII., pt. I., 447.

<sup>35</sup> Hall, *Op. Cit.*, vol. I., 295; Leavenworth to Sumner 22 March, 1863, *Offic. Rec.*, ser. I., vol. XX., pt. II., 172.

formed by consolidating and mounting the Second and Third Regiments of Colorado Volunteers.<sup>36</sup> In January 1864, this unit commanded by Colonel James H. Ford was ordered to occupy Bates, Cass and Jackson Counties in Missouri,<sup>37</sup> where it was employed during the next few months in an effort to suppress the bushwhackers that infested that region. Although the Coloradoans reported some success in action against the bushwhackers<sup>38</sup> they were obliged to leave the task unfinished in order to join other forces in opposing the invasion of Missouri by the Confederates under General Sterling Price.

On September 19, 1864, General Price entered Missouri with a force of about twelve thousand men. According to the General's own report of the campaign he marched 1434 miles, fought forty-three battles and skirmishes, paroled over three thousand Federal officers and men, and destroyed many miles of railroad.<sup>39</sup> When the Confederate army entered Missouri the Federal forces were scattered, and General Price conducted his campaign so mysteriously that Major-General W. S. Rosecrans, commanding the Department of the Missouri, adopted a policy of "watchful waiting" in order to determine what were the enemy's plans.<sup>40</sup> As a result of these conditions Price advanced rapidly. By October 21, he was in the vicinity of Independence where he found the Federal forces organized and determined to check his advance. A number of engagements followed in rapid succession culminating, October 25, in the battle of Marias des Cygnes<sup>41</sup> which proved to be the turning point. The Confederates, unable to continue the campaign, began to retreat in a southeasterly direction.

<sup>36</sup> Schofield to Halleck 6 October, 1863, *Offic. Rec.*, ser. I., vol XXII., pt. II., 613.

<sup>37</sup> Schofield to Greene, 7 January, 1864, *Offic. Rec.*, ser. I., vol. XXXIV., pt. II., 42.

<sup>38</sup> Vaughn to Boyd, 20 June, 1864, *ibid.*, 992; report of Colonel Ford, 12 July, 1864, *ibid.*, 1032; report of Colonel Ford, 1 August, 1864, *ibid.*, ser. I., vol. XLI., pt. I., 187.

<sup>39</sup> Price to Boggs, 28 December, 1864, *ibid.*, 625; 627; 240.

<sup>40</sup> Charlot to Curtis, 13 December, 1864, *ibid.*, 523.

<sup>41</sup> Price to Boggs, 28 December, 1864, *ibid.*, 635-637; Itinerary of Price's Army, *ibid.*, 646.

The Federals pursued, overtaking them at Newtonia, November 28, 1864. The engagement that followed, though stubbornly contested, ended in a victory for the Federals.<sup>42</sup> The battle of Newtonia practically closed the campaign. When the Confederates reached the Arkansas boundary the Federals, believing they had achieved their object, discontinued pursuit.<sup>43</sup> In the contest between the Confederates and Federals in Missouri, Colorado troops played an important part in at least two engagements<sup>44</sup>; however, the achievements of the Second Colorado Cavalry in the Missouri Campaign, when compared with those of the First Regiment in New Mexico, were insignificant. In New Mexico the First Regiment, almost unaided, forced the Confederates to retreat; in Missouri, the Coloradoans comprised only a small percentage of the combined forces operating against Price. The outcome of the campaign would probably have been the same even if the Coloradoans had not been included in the Union forces that drove Price back into Arkansas.

In the meantime the Plains Indians had gone on the warpath. Farms and ranches were raided; frontier settlements were attacked and the people ruthlessly murdered. Stations of the Overland Mail were destroyed and the passage of wagon trains, upon which Colorado was dependent for subsistence, was almost stopped. The territory which had provided men for the defense of New Mexico and Missouri was now in need of men for its own defense.

The assertion has been made frequently that according to population Colorado provided more men for the Union armies than any other state or territory.<sup>45</sup> According to the census of 1860 the total white population of Colorado was 34,777 and the number of men between twenty and fifty years of age was 30,222.<sup>46</sup>

<sup>42</sup> Price to Boggs, 28 December, 1864, *ibid.*, 638.

<sup>43</sup> "General Field Order No.....," 8 November, 1864, *ibid.*, 517.

<sup>44</sup> Ford to Hampton, .... December, 1864, *ibid.*, 607-608; Ford to Hampton, .... December, 1864, *ibid.*, 609-610.

<sup>45</sup> *Congressional Globe*, 38th Cong. 1st Sess., 1351, statement of Senator Pomery of Kansas, 13 March, 1866; *ibid.*, 42nd Cong. 3rd Sess., 745, statement of Representative Taffee of Nebraska, 21 January, 1873.

<sup>46</sup> Eighth Census, *Statistics of the Population*, 546; 547; 549.

The records of the War Department show that the number of Coloradoans who volunteered for service in the Union armies was 4,903,<sup>47</sup> a number which is approximately sixteen per cent of the number of males between twenty and fifty years of age. In Illinois, approximately seventy per cent of the men of this age group entered the Federal armies, fifty-five per cent from Iowa and New York, and forty-eight per cent from Ohio.<sup>48</sup> Thus, while it may be true that in proportion to the total white population Colorado supplied more men for the Federal armies than any other state or territory, the percentage of her men of military age entering the Federal armies was far below that of many of the states.

<sup>47</sup> *Offic. Rec.*, ser. III., vol. IV., 1268; 1269.

<sup>48</sup> Eighth Census, *Statistics of the Population*, 80; 134; 322; 366 indicate the population by age groups in the states mentioned; *Offic. Rec.*, ser. III., vol. IV., 1269 indicates the number of men from each state who entered the Union armies.



## Short-term Government Securities and the Banking System

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Certificates of indebtedness and Treasury bills constitute the short-term security offerings of the Treasury. These securities have been used many times in the past to tide over budget deficits or to anticipate future revenues during peace time as well as during the exigencies of wars. In the present war, however, they have taken on a new significance for they are now financing media in themselves, accounting for almost one-third of the Government debt. Seven times before 1929, the Treasury issued short-time negotiable obligations: during the War of 1812, the Crisis of 1837, The Mexican War, The Crisis of 1857, The Civil War, The Crisis of 1907 and World War I.

A survey of some of these earlier issues of short-term government obligations may be helpful at this point.<sup>1</sup> These obligations are the result of an extended evolution. The name "Treasury notes" became associated with non-interest bearing demand notes after the Civil War and the term "certificates of indebtedness" replaced the old phrase to indicate a short-term interest bearing security. Late in 1857, Congress authorized issuance of one-year Treasury notes which were sold at rates of interest ranging from 3.0 to 6.0 per cent to restore its balance reduced by the sharp decline in tax revenues. Congress authorized a loan of ten-twenty year bonds in 1860 to discharge these notes, but only a third of the issue was placed before the money market was upset by prospects of war. The remainder was withdrawn and the Treasury was authorized to issue \$10,000,000 of one-year Treasury notes bearing 6.0 per cent. Only a small fraction was issued at 6.0 per cent and the remainder commanded from 7.0 to 12.0 per cent. The first of the war

<sup>1</sup> The historical portion of this presentation of short-term Government obligations follows Jacob H. Hollander, *War Borrowing*, The MacMillan Company, New York, 1919. Any standard history of finance such as Davis Rich Dewey, *Financial History of the United States*, Longmans, Green and Company, New York, 1936, presents this information in detail although differently arranged.

revenue measures authorized a \$10,000,000 loan in 1861, or, if preferable, issuance of Treasury notes and substitution of these for any previous authorizations of other series. The short-term obligations which had proved ineffective in the first year of war were replaced by non-interest bearing demand notes and three year notes bearing 7.3 per cent interest. The short-term notes were like ex-chquer notes and in their issue the Treasury followed accepted precedents. "Our policy differed from that of Great Britain, however, in two respects: no earnest and persistent effort was made to limit the floating indebtedness by attracting its conversion into long-term bonds; and a large part of the Treasury notes were made a legal tender.<sup>2</sup> In 1862 six per cent one-year certificates of indebtedness were paid to war supply contractors who used them as collateral for bank loans or passed them on as currency at a small discount. This relieved the pressure of a large floating debt.

Immediately successful war loans in 1898 obviated the use of short-term loans although the Secretary of the Treasury had been authorized to issue them.

An arrangement similar to the war loan account used extensively in later wars was developed in 1907 to help relieve the money panic. The Treasury transferred all available funds to the banks as public deposits. Increased note circulation was hindered by the scarcity and high price of bonds so the Treasury offered two series of bonds and encouraged banks to buy these by announcing its intention to leave 90 per cent of bond proceeds and 75 per cent of certificate proceeds as public deposits in depositary banks. This shifted part of the responsibility for allocating public deposits from the Treasury to the individual bank.

The first four times the Treasury used negotiable short-term obligations it was because of its inability to sell long-term bonds in a money market disturbed by war prospects or hampered by the lack of adequate banking facilities. These short-term obligations were insecure make-shifts and whatever effectiveness they possessed was largely a consequence of their use, not as for-

<sup>2</sup> Dewey, *op. cit.*, 320.

mal borrowing devices, but as fiat emissions for the direct payment of public accounts. Short-term obligations were used for the first time in a financially acceptable manner in 1898—anticipation of the proceeds of a funded loan designed to meet extraordinary expenditures. The 1907 usage was similar to the earliest issues for it was monetary rather than fiscal in character as debt creation was necessary to relieve strained credit conditions rather than supply funds for the public Treasury.

In World War I the Treasury offered short-term obligations designated "certificates of indebtedness" through the Federal Reserve Banks for general subscription by banks and individuals. There issues, thirty-one in all between March 1917 and October 1918, generally ranged between \$200,000,000 and \$700,000,000 at interest rates that increased from 2.0 to 4.0 per cent as the war progressed. About 86.0 per cent of the issues, by amount, was sold in anticipation of Liberty Loans and the remaining 14.0 per cent anticipated income and excess profit tax receipts.

The Federal Reserve Banks enabled the Treasury to anticipate established revenues by lending \$50,000,000 on two per cent ninety-day certificates of indebtedness in March 1917. The Reserve Banks paid for these by creating government deposits in the form of credit accounts and the securities were held until maturity. Afterwards, certificates were used for borrowing from member banks and investors but these were periodically replaced by long-term funding loans. Issuance of \$2,000,000,000 of non-circulating certificates was authorized with interest at  $3\frac{1}{2}$  per cent, or less, with the life of a single issue not to exceed one year. Deposits arising from purchases of these securities were redeposited with qualified depositories and reserve requirements against these deposits were eliminated. This was another step in the development of war loan accounts as used at present. In June, 1917, the Treasury perfected this method of payment by creation of bank credit when deposits were left at the purchasing bank rather than redeposited. The certificates were acceptable in payment for longer term bonds, so payment for certificates by deposit credit helped to eliminate unnecessary transfers of funds and credit stringen-

cies.<sup>3</sup> The tax anticipation notes bearing 4.0 per cent offered in August 1918, met with disappointing results partially because the money market was pegged at 6.0 per cent and certificates of indebtedness at that time yielded  $4\frac{1}{2}$  per cent.

The Federal Reserve Bank withdrew as an investor after the first issue of certificates, except for temporary investments made necessary by administrative convenience, by insufficiency of bank subscriptions and the desirability of aiding distribution among banks. A tax on promissory and collateral notes tendered for discount to the Federal Reserve Bank caused the "resale" or "repurchase agreements" to be developed whereby Federal Reserve Banks acquired and temporarily held liberty bonds and certificates of indebtedness until taken over by subscribing banks. Widespread distribution and generous subscriptions to bonds were obtained through the preferential rediscount rate on member bank notes secured by government obligations. A member bank could make loans with government bonds or Treasury certificates as collateral with assurance that the note would be rediscounted by its reserve bank at a rate no greater than the interest on the obligation.

The Treasury watchfully waited for lower interest rates after the first World War and used a policy of continuous short-term refunding in 1921 which was in striking contrast to practices followed after the Civil War. At that time the debt was funded by long-term obligations at high rates of interest which could be redeemed later only by open market purchase above par. Redemption of the Second and Third Liberty Loans in 1927 and 1928 was financed by six month, 3.0 per cent certificates of indebtedness and there to five year,  $2\frac{1}{2}$  per cent Treasury notes.

Short-term financing techniques were further developed in June 1929 when the Treasury was authorized to issue Treasury

<sup>3</sup> Banks showed a tendency to retain certificates of indebtedness because of their attractiveness as earning assets rather than present them in payment for bonds. The Treasury's announcement that it would withdraw deposits from banks that failed to pay at least 50 per cent of their loan subscriptions in the form of certificates was only partially successful in hastening their retirement. Charles R. Whittlesey, *The Banking System and War Finance*, National Bureau of Economic Research, 1943, p. 10.



bills on a discount basis with maturities not exceeding twelve months. This was a new type of short-term Government security since certificates of indebtedness were previously issued at fixed rates of interest.<sup>4</sup> Treasury bills were sold on a discount basis by competitive bidding, the face amount being paid at maturity without interest. These bills, along with certificates of indebtedness, made financing more flexible, and competitive bidding enabled the Treasury to borrow at rates of interest ranging from 1.85 to 3.30 per cent. There were three purposes in developing the short-term security market: (1) save interest charges, (2) aid the administration's pledge to economize its expenditures and pay the public debt, (3) shortly maturing debt would help check Congress from authorizing extravagant expenditures or reducing taxes too rapidly.

Most of the increase in the Government debt from 1930 to 1933 was accounted for by certificates of indebtedness and Treasury bills because it was thought the depression would be short-lived and it was, therefore, inadvisable to burden the Government with long-term debt. Banks eagerly bought these bills yielding less than 1.0 per cent as they had excess reserves and loans were not available in suitable volume.

Certificates of indebtedness were gradually replaced by Treasury bills because borrowing by bills was cheaper, better suited to meeting the Government's needs for funds and enabled the Treasury to assist the commercial banks.<sup>5</sup> In April 1942, the Treasury offered \$1,500,000,000 of certificates to mature in six and one-half months and in later issues the maturity was extended to the legal limit of one year. The interest rate which was above 2.0 per cent for some of the early issues was later stabilized at  $7/8$  of 1.0 per cent.

When the first offering of certificates of indebtedness during the present war was announced by the Secretary of the Treasury

<sup>4</sup> *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1929.* United States Government Printing Office, Washington, 1929, p. 38.

<sup>5</sup> *Annual Report of Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1940,* p. 58.

in April, 1942, a competent observer of the Government security market predicted that these would continue to be of minor importance and that the current offering should be considered a temporary expedient because of the short maturity.<sup>6</sup> Since that time, however, the market for certificates of indebtedness and the instrument itself have gained in importance. At the end of March 1942, \$1,652,000,000 of Treasury bills and no certificates were outstanding. A year later, in March 1943, \$9,234,000,000 of Treasury bills and \$11,161,000,000 of certificates of indebtedness were outstanding. At the end of 1943, \$13,000,000,000 of Treasury bills were outstanding, and weekly emissions amounted to \$1,000,000,000. Certificates outstanding then totaled \$22,823,000,000. The short-term issues of the Treasury amounted to \$35,823,000,000 or 31.0 per cent of the total negotiable federal debt.

Seven certificate offerings in 1942 amounted to about \$1,500,000,000 each, and seven offerings in 1943 ranged from \$2,000,000,000 to \$5,000,000,000. These larger offerings have been accompanied by broader distribution and greater popularity, especially among commercial banks. Ordinarily subscriptions in excess of \$100,000 were allotted on a 50 or 60 per cent basis, but two offerings in 1943 were so heavily oversubscribed that allotments were limited to 14.0 and 18.0 per cent of large subscriptions. In contrast to the practice of the last war, certificates of indebtedness have not been offered in anticipation of funds from other sources but have come to occupy an important place of their own in Treasury and banking policy. The Treasury is not paying maturity certificates with funds from taxes nor is it refunding them with longer term obligations. They are, in themselves, thought to be a desirable type of negotiable obligation adapted to fill a place in the rounded program of Treasury offerings. The full pattern of interest rates on Treasury issues at present runs as follows:  $\frac{3}{8}$  of 1.0 per cent on 91-day bills;  $\frac{7}{8}$  of 1.0 per cent on one year certificates of indebtedness; 1.3 per cent on three to five year notes and 2.4 per cent on long-term bonds.

<sup>6</sup> "Our Reporter 'On Governments,'" *Commercial and Financial Chronicle*, 155:1336, 2 April, 1942.

This large volume of short-term securities has significance for the Treasury, Federal Reserve Banks, commercial banks and to some extent for large nonbank investors. For convenience the importance to each of these groups will be discussed in the order named. It should be bore in mind, however, that the short-term security market in a certain sense constitutes an integral whole yet it is only one phase, though an important one, in the Treasury's broader borrowing program.

Treasury bills and certificates of indebtedness have been worked into the Treasury's present pattern of interest rates in a satisfactory manner. They provide funds quickly, bear a low rate of interest and are sold at low cost through the Federal Reserve Banks. At present they are issued to obtain money just as the longer term issues and not in anticipation of tax receipts or refunding operations. An indication of the suitability of these securities is reflected in the wide bank acceptance they have received for each emission is invariably oversubscribed. While any one can purchase these securities, during the last year commercial banks and Federal Reserve Banks have held about three-fourths of those outstanding. "Other" owners, including individual and nonbanking corporations, held most of the remainder and mutual savings banks and insurance companies held small amounts.<sup>7</sup>

In 1929 and 1930, 91-day Treasury bills were issued at average discount rates ranging from 2.0 to 3.0 per cent per annum. In 1931 and 1932 some bills were sold at discounts to yield interest ranging from  $\frac{1}{2}$  of 1.0 per cent to more than 2.0 per cent per annum. Early in 1933, with the bank crisis, Treasury bills discounted to yield 4.3 per cent, the highest short-term rate in a great many years. For several years after 1934, bills were sold to yield less than 1.0 per cent. Numerous emissions after 1938 yielded less than 0.1 per cent, while several sold at premiums to yield negative interest rates when excess reserves were very large in 1940 and 1941. These were nonetheless profitable to banks which purchased them for tax purposes. Interest rates on bills

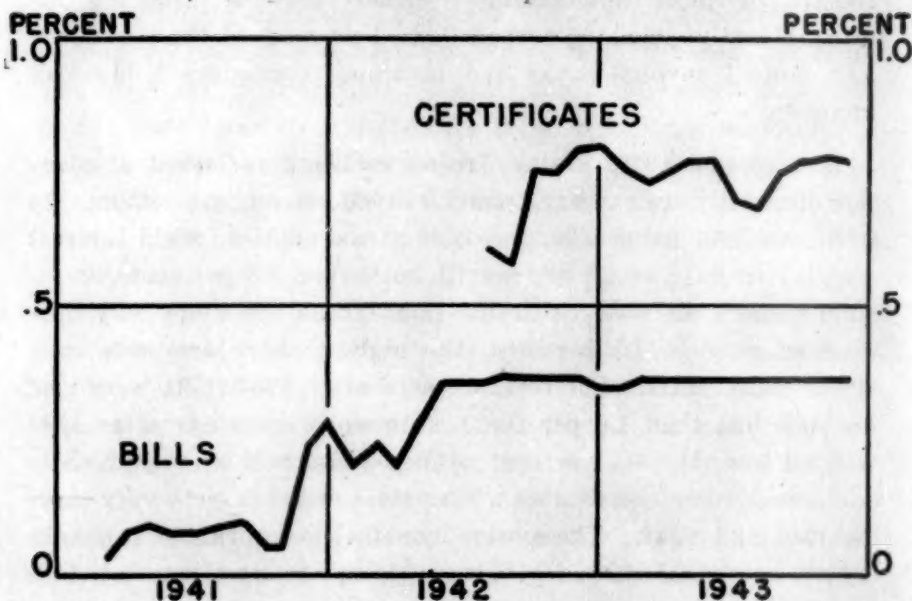
<sup>7</sup> For distribution of onwership of United States Government securities see *Federal Reserve Bulletin*, 29:1178, December, 1943.

firmed slightly in 1941 and by mid-1942 were fairly well established near  $\frac{3}{8}$  of 1.0 per cent as shown in Figure I. This support price was maintained during the next 18 months by Federal Reserve Bank willingness to purchase outright or purchase and hold for resale to member banks all the Treasury bills which they offered.

Interest yields on certificates of indebtedness ranged from 0.4 to 0.8 per cent in 1942, dependent on the term of the issue. In 1943 the customary life of an issue was fixed at one year and interest rates ranged from 0.75 to 0.78 per cent on most new issues.

During a war the principal function of a central bank is to provide the Treasury with ample funds. Secondly, but of great importance, central banks are charged with the responsibility of providing these funds in the best manner.<sup>8</sup> In this country this

**FIGURE I**  
**YIELDS ON SHORT-TERM**  
**U. S. GOVERNMENT SECURITIES**



<sup>8</sup> Whittlesey, *op. cit.*, 14-26, gives an excellent resume of the activities of the Federal Reserve banks in the two World Wars.



has meant that Federal Reserve Banks have assisted to the fullest extent in supporting anti-inflationary borrowing methods—specifically by selling securities outside of banks.<sup>9</sup> The Federal Reserve Banks are also charged with the responsibility of controlling the credit mechanism of the nation. The traditional methods available for credit control, open market operations, reserve requirements and rediscount rate, were rendered practically useless in 1940 and 1941 when member bank excess reserve ranged from \$3,500,000,000 to an all-time high of \$7,000,000,000. The Board of Governors of the Federal Reserve System consequently, asked Congress to provide means for absorbing a large part of existing reserves as well as additions to these reserves in order to restore its control over credit. The specific recommendations concerning bank reserves looking toward improving the control over credit were: (a) double the demand deposit statutory reserve requirements for all classes of banks from the existing requirements of 7.0, 10.0 and 13.0 per cent, (b) empower the Federal Open Market Committee to absorb excess reserves by increasing reserves up to double the proposed request, (c) authorize the Open Market Committee to change reserve requirements for one class individually or all three classes of banks, and (3) make reserve requirements applicable to all banks receiving demand deposits whether member banks or not.

Since that time the Federal Reserve Board has encouraged commercial banks to invest all available funds and has permitted excess reserves to decline from the 1940-41 high to about \$1,000,000,000. Purchases of government securities and increases in currency in circulation have absorbed most of the excess reserves. Required reserves have increased about \$2,000,000,000 since the end of 1941, notwithstanding reductions in reserve requirements in central reserve cities and an increase in currency in cir-

<sup>9</sup> Regulation W is another attempt to control inflationary pressures by restricting instalment account buying.

<sup>10</sup> "Special Report to the Congress," *Federal Reserve Bulletin*, 27:1, January, 1941.

ulation of \$8,000,000,000.<sup>11</sup> Federal Reserve banks supplied most of this need for reserves by increasing their holdings of Government securities by \$8,000,000,000; but, despite this action, excess reserves declined by \$2,000,000,000.

In order to encourage banks to accept Federal Reserve policy of buying Government securities and to assure member banks that they would not get into difficulties, certain steps were taken to make Treasury bills and certificates of indebtedness virtually the equivalent of reserves. The Federal Reserve System: (1) established a fixed buying and selling rate on bills with repurchase option extended to the seller,<sup>12</sup> (2) agreed to lend on certificates of indebtedness and other issues maturing within one year at  $\frac{1}{2}$  of 1.0 per cent. The established buying rate on Treasury bills and the option granted to sellers to repurchase them at any time prior to maturity at the same rate has made Treasury bills practically as liquid as excess reserves.<sup>13</sup>

Federal Reserve Bank total holdings of Government securities increased greatly from the middle of 1942 to the end of 1943. During the first six months of 1942 the composition of these securities changed very little and the volume remained at approximately \$2,300,000,000. At the beginning of the year two-thirds of these holdings were bonds and one-third were notes. Small amounts of bills and certificates of indebtedness were acquired in the second quarter of the year. Total Government security holdings of the Federal Reserve Banks increased to \$6,189,000,000 by the end of 1942 and bonds and notes together accounted for only two-thirds of this total. Federal Reserve Sys-

<sup>11</sup> Reserve requirements in central reserve cities were reduced by 2.0 per cent from the 26.0 per cent level on August 20, 1942, and additional reductions of 2.0 per cent were made on September 14, 1942 and October 3, 1942. Since that time reserve requirements against demand deposits have been maintained at 20, 20, and 14 per cent for central reserve city, reserve city and country banks, respectively.

<sup>12</sup> "Effective August 3, 1942, purchases of such bills, if desired by the seller, were made on condition that the Reserve Bank, upon request before maturity, would sell back bills of like amount and maturity at the same rate of discount. Since May 15, 1943, all purchases have been made subject to repurchase option." *Federal Reserve Bulletin*, 29:1156, December, 1943.

<sup>13</sup> *Federal Reserve Bulletin*, 29:1056, November, 1943.

tem ownership of Government securities increased to a high of \$12,026,120,000 on January 26, 1944, but the usual composition was significantly different for 58.0 per cent of this consisted of Treasury bills. The volume of notes held by the System declined to the early 1942 level, certificates of indebtedness remained fairly small and Treasury bills amounted to \$7,034,000,000. Thus, about 80.0 per cent of the Federal Reserve System holdings of government securities were short-term obligations maturing in less than one year and yielding  $3/8$  or  $7/8$  of 1.0 per cent. Figure II shows the end-of-month Government security holdings of Federal Reserve Banks from the beginning of 1941 through 1943. Special one-day certificates of indebtedness (not shown on the chart) amounting to about \$1,000,000,000 were sold to the Federal Reserve System in March 1943 by the Treasury to provide working balances just prior to income tax collections. Special certificates were first used during this war in September 1942 and were later used for direct borrowing from the Federal Reserve Banks prior to each quarterly tax collection date in 1943.

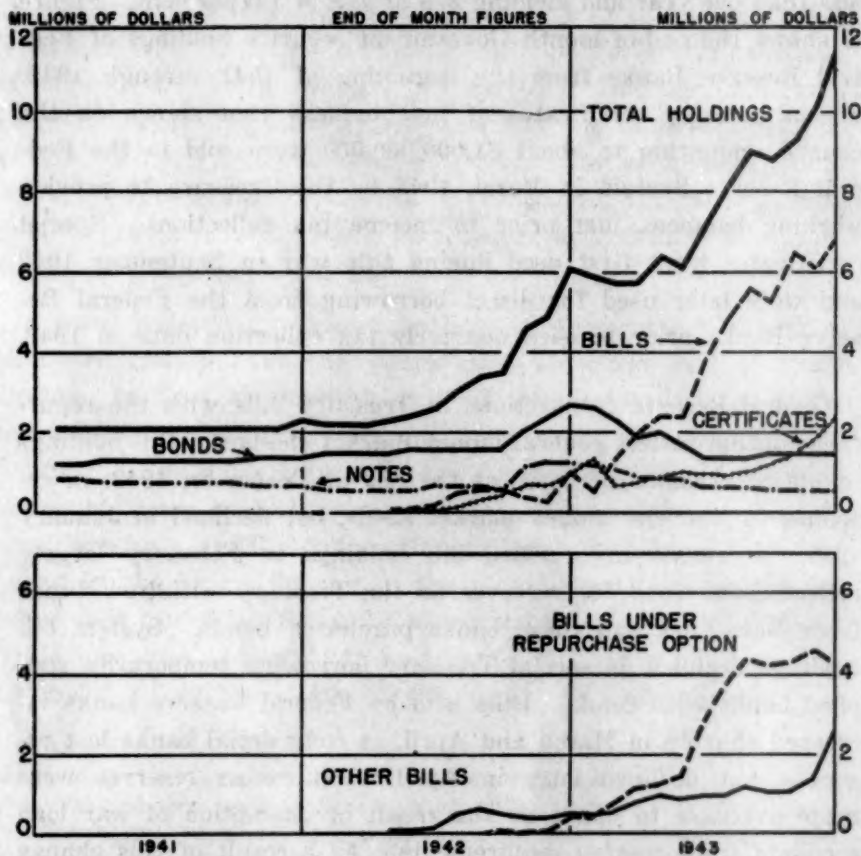
Federal Reserve transactions in Treasury bills with the repurchase option reflect general money market changes. Bill holdings on option account increased at the end of December, 1942, in response to year-end money market needs, but declined in January 1943. Increases in optioned bill holdings in February largely reflected the need for reserves as the Treasury withdrew funds from New York and these banks purchased bonds. System bill holdings declined as special Treasury borrowing temporarily supplied banks with funds. Bills held by Federal Reserve banks increased sharply in March and April, as commercial banks lost reserves, but declined later in April when excess reserves were made available to banks as the result of exemption of war loan accounts from reserve requirements. As a result of this change there was no occasion for Federal Reserve banks to purchase securities to create reserves to facilitate bank purchases during the April, 1943 war loan drive as had been necessary earlier during the December, 1942 loan drive.<sup>14</sup> Large purchases and sales of Treasury bills in recent months primarily reflected adjustments

<sup>14</sup> *Federal Reserve Bulletin*, 29:375, May, 1943.

in the reserve positions of member banks whose reserves were closest to the legal minimum. Similar transactions have taken place in other districts as Treasury bill holdings widened.<sup>15</sup> Excess reserves of many banks outside the principal money mar-

FIGURE II

### GOVERNMENT SECURITY HOLDINGS OF FEDERAL RESERVE BANKS



kets of New York and Chicago make it unnecessary for them to adjust their reserve positions through Treasury bills. At reserve city banks as a group, excess reserves late in 1943 amounted to about 16.0 per cent of required reserves. The excess reserves of commercial banks varied from 5.0 per cent in the Boston, New

<sup>15</sup> *Federal Reserve Bulletin*, 29:591-2, July, 1943.



York and Minneapolis Districts to 25.0 per cent in the Cleveland, Richmond and Dallas Districts.<sup>16</sup> As these banks adopt a fuller investment program and excess reserves decline, it is likely that they will place more reliance on the bill market as a method of obtaining income and still maintaining the desired liquidity.

Federal Reserve Banks acquired a small amount of certificates of indebtedness in April 1942 which increased slowly throughout the year but increased very rapidly in December. Throughout most of 1943, Federal Reserve Banks continued to hold about \$1,000,000,000 of certificates of indebtedness, but this increased in September 1943 as member banks sold certificates of indebtedness to the Federal Reserve banks to gain reserves preparatory to purchasing securities issued in the Third War Loan Drive. Federal Reserve experience with certificates of indebtedness has been different than with Treasury bills. Reserve banks have not been called upon to buy certificates in appreciably large volume as the total outstanding increased. At the end of 1943, Federal Reserve banks held \$1,500,000,000 out of \$22,000,000,000 of certificates of indebtedness outstanding, or 7.0 per cent. On the other hand, almost 60.0 per cent of the Treasury bills outstanding at the end of the year, were held by the Federal Reserve banks.

Commercial banks have been assured that each one can obtain funds on demand without fear of loss by selling Treasury bills to the Federal Reserve System and retaining a repurchase option. Thus a bank is free to make an individual choice in adjusting reserves as distinguished from adjustments of reserves for the System as a whole. The Treasury took steps in May, 1943, to promote wider distribution of bills among smaller banks by fully allotting, at a price fixed to yield  $\frac{3}{8}$  of 1.0 per cent, all subscriptions not exceeding \$100,000.<sup>17</sup> This increases the efficacy of the arrangement adopted in August, 1942, whereby the Federal Reserve banks stand ready to purchase all Treasury bills offered at a rate of  $\frac{3}{8}$  of 1.0 per cent and extends to sellers the privilege of retaining an option to repurchase these bills at any time prior

<sup>16</sup> *Federal Reserve Bulletin*, 29:593, July, 1943.

<sup>17</sup> *Federal Reserve Bulletin*, 29:492, June, 1943.

to maturity at the same rate. This guarantee has proved very helpful to banks in making adjustments to fluctuations in reserve positions.

Bank purchases of Government securities during this war have already resulted in a substantial increase in bank deposits and present indications are that bank deposits will continue to expand as long as the war lasts. Increased deposits for the banking system as a whole are likely to be permanent, since the public debt will be retired only gradually, if at all. The permanence of deposits for an individual bank, however, is uncertain since it is likely to be affected by local and national conditions so it is desirable for individual commercial banks to maintain a high degree of liquidity. Banks will not be able to maintain the desired degree of liquidity by increasing cash reserves, for they are requested to finance the Treasury to the extent that funds are not raised by taxation or from nonbank investors. Greater liquidity for individual banks, although not for the system as a whole, can be accomplished by larger purchases of short-term Treasury obligations. This appears to be very sound for commercial banks and especially so since the accepted pre-war ratio of capital to deposits has declined greatly. The Economic Policy Commission of the American Bankers Association, the Secretary of the Treasury, Federal Reserve officials, and leading commercial bankers sanction large purchases of short-term obligations by commercial banks.

Certificates of indebtedness and Treasury bills enable banks to keep their funds fully invested and also to operate safely on a smaller volume of excess reserves. Certificates themselves are not legal reserves, but they may be converted into legal reserves quickly in either of two ways. First, banks can use them as collateral for loans from Federal Reserve banks at  $1/2$  of 1.0 per cent per annum and still obtain the  $7/8$  of 1.0 per cent yield. The low Federal Reserve bank rate on loans secured by short-term Government securities was established to encourage member banks to borrow when in need of reserves to make it simpler for them to keep their funds fully invested. Second, banks may sell certificates of indebtedness in the open market. The relatively

short maturity of these securities is an important factor in keeping price fluctuations within narrow limits. Because of the pattern of rates on short-term securities, certificates of indebtedness increase in price during their life with the result that an actual  $1\frac{1}{4}$  per cent rather than the nominal  $\frac{7}{8}$  of 1.0 per cent can be obtained by selling them when four months old rather than holding them until maturity.

As an illustration, the actual amount of interest received by investing \$100 in Treasury bills is \$0.375. Contrasted with this the income received by investing \$100 in  $\frac{7}{8}$  of 1.0 per cent certificates of indebtedness at time of offering and selling these certificates at the end of nine months and investing the proceeds in a new issue of certificates results in a net yield of \$1.05, computed as follows. Purchase \$100 of  $\frac{7}{8}$  of 1.0 per cent certificates of indebtedness on January 1 and retain them until October 1. Interest received during these nine months amounts to \$0.65625. Sell the certificates at the prevailing interest rate on bills and gain a net profit of \$0.125. This amounts to a total of \$0.78125 for nine months which is a monthly rate of \$0.086805 or an annual rate of income of \$1.05 on a \$100 investment. The highest yield obtainable in this manner amounts to 1.25 per cent when one year  $\frac{7}{8}$  per cent certificates of indebtedness are purchased new and sold when they become four months old.

## Book Reviews

EDITED BY O. DOUGLAS WEEKS

*The University of Texas*

Polanyi, Karl, *The Great Transformation*. (New York: Farrar and Rinehart, 1944, pp. xiii, 305.)

The transformation with which this volume deals is the one Western society has undergone and is still undergoing. The author's thesis is clearly stated on the first page of the book. It is that

... the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness. Inevitably, society took measures to protect itself, but whatever measures it took impaired the self-regulation of the market, disorganized industrial life, and thus endangered society in yet another way. It was this dilemma which forced the development of the market system into a definite groove and finally disrupted the social organization based upon it.

The book is an attempt to trace this process, especially through the events of the past century and a half. A sub-title which appears only on the dust jacket and so is probably not the author's doing promises an account of "the political and economic origins of our time," but in actuality the author is very much more concerned with outcomes than with origins. An Austrian of Hungarian descent, he was a member of the editorial staff of Vienna's leading financial weekly until 1933 when a reactionary *Heimwehr* government forced his resignation and departure. Since that time he has lived in England and America, taught at Oxford and Bennington, and written—most notably *The Essence of Fascism* (London, 1935). Quite evidently the present volume is an expression of his conviction that "in order to understand German fascism, we must revert to Ricardian England."

It is Doctor Polanyi's conviction that in the transition from mercantilism to laissez faire Western society underwent a change that was far more revolutionary than is yet generally appreciated.

All types of societies are limited by economic factors (he remarks). Nineteenth century civilization alone was economic in a different and distinctive sense, for it chose to base itself on a motive only rarely acknowledged as valid in the history of human societies, and certainly never before raised to the level of a justification of action and behavior in everyday life, namely, gain. The self-regulating market system was uniquely derived from this principle.



In speaking of the self-regulating market as "utopian" the author means very much more than what is implied in the truism that competition has never been completely realized. He means first of all that "Orthodox economic history was based on an immensely exaggerated view of the significance of markets as such." For contrary to the prevailing conception, "Markets are not institutions functioning mainly within an economy, but without."

Furthermore, the imposition of the market pattern upon a whole civilization not only requires that everything be for sale but assumes that everything that is for sale has the character of a commodity. But labor, land, and money—the essential elements of industry, as he calls them—are obviously not commodities. "None of them is produced for sale. The commodity description of labor, land, and money is entirely fictitious."

The attempt to organize society on the pattern of such fictions, he thinks, has been disastrous from the first. Generally speaking it has brought about a disastrous bifurcation of Western society into separate economic and political segments. For the first time in human experience the productive life process of the community has been subjected to pecuniary guidance, while at the same time—in theory and to an appalling extent in practice—the expression of community will through government has been excluded from the whole economic segment and treated as an interference with it.

But complete non-interventionism has been impossible from the first, especially with regard to the "essential elements of industry." The conscience of the community, outraged by the human consequences of treating people as commodities, intervened in a fashion typified by the "Speenhamland system" of poor relief. But the effect of such intervention was to block the effective working of the market, thereby preventing it from doing its best while still allowing it to do its worst.

The case of land parallels that of labor. "The trading classes sponsored the demand for the mobilization of the land," but "Cobden set the landlords of England aghast with his discovery that farming was 'business' and that those who were broke must clear out." Eventually "the Benthamites had their way, and, between 1830 and 1860, freedom of contract was extended to the land"; but "this powerful trend was reversed only in the 1870's when legislation altered its course radically. The 'collectivist' period had begun."

Money is of all things the most fluid. But "intervention" at other points only meant that society was subjected to increased strain by the fictitious fluidity of money. "The more difficult it became to shift actual objects, the easier it became to transmit claims to them." In recent decades, Doctor Polanyi thinks, this strain has been intensified to the point at which great peoples have sacrificed their basic institutions and virtually their national well-being in the effort to stabilize their currencies and even so without success. Thus he remarks that

... while the inflationary governments condemned by Geneva subordinated the stability of the currency to stability of incomes and employment, the deflationary governments put in power by Geneva used no fewer interventions in order to subordinate the stability of incomes and employment to the stability of the currency. In 1932, the Report of the Gold Delegation of the League of Nations declared that with the return of the exchange uncertainty the main monetary achievement of the last decade had been eliminated. What the Report did not say was that in the course of these vain deflationary efforts free markets had not been restored though free governments had been sacrificed.

Obviously the author is here thinking of his own country. But he is no less concerned with Britain's resumption of gold payments in 1926 and its various repercussions.

The only possible solution of this impasse, Doctor Polanyi thinks, is socialism. He is brought to this opinion not by the Marxist logic of the class struggle but by his own view of "the rise and fall of the market economy." Thus he conceives socialism to be "essentially, the tendency inherent in any industrial civilization to transcend the self-regulating market by consciously subordinating it to a democratic society." From the point of view of the economic system, to be sure, this involves "a radical departure from the immediate past, in so far as it breaks with the attempt to make private money gains the general incentive to productive activities." But "it is the solution natural to the industrial workers who see no reason why production should not be regulated directly and why markets should be more than a useful but subordinate trait in a free society"; while "from the point of view of the community as a whole, socialism is merely the continuation of that endeavor to make society a distinctively human relationship of persons which in Western Europe was always associated with Christian traditions."

It is easy to pick such a book as this pieces. Faults can be found at nearly every particular point in the author's argument. In his theoretical analysis the author has singled out "Labor, land,

and money" as though these were the only fictions of which classical theory was guilty, and as a consequence his demonstration of their fictional character is regrettably weak. His history also is sketchy and lop-sided. He greatly overestimates the importance of the Speenhamland system. (Even the Hammonds, whom he counts as his chief supporters at this point, specifically condemned the Poor Law Commissioners of 1834 because "they could not take their eyes off the Speenhamland goblin." *The Village Labourer*, p. 231). Doctor Polanyi might plead that his task is not primarily theoretical. But he has also insisted that "Ours is not a historical work; what we are searching for is not a convincing sequence of outstanding events, but an explanation of their trend in terms of human institutions." It is also regrettable that he withholds his socialistic denouement until the closing pages of the book.

But such defences in detail do not shield us from the total impact of Doctor Polanyi's reasoning. He may have failed to make an air-tight case. But that does not mean at all that he is altogether wrong. On the contrary, he may be wrong in the sense of not absolutely right at every particular theoretical and historical point, and still be on the right track throughout. It is my conviction that he is. I do not see how anyone could read this book and still believe with undiminished faith that the self-regulating market is the beneficent manifestation of the laws of nature.

The University of Texas

C. E. AYRES

Barnouw, A. J., and Landheer, B., *The Contributions of Holland to the Sciences*. (New York: Querido, 1943, pp. xvii., 373.)

This book is made up of twenty articles, each the work of a specialist in the field in which he is writing here. Considered with the name of the book, the topic headings of the sections indicate something of the substance of the work: *Theology, Philosophy, Philology, Psychology, Sociology, History, Law, Economics, International Law, History of Art, Musicology, Oriental Studies, Library Science and Archival Science, Astronomy, Mathematics, Physics, Chemistry, Medicine, Botany, and Architecture*.

The very character of this work is such as to preclude the traditional form of review. As all of the twenty articles in the twenty different fields are written by authorities in the respective fields, no one person can feel competent to judge the whole. Then, in writing these essays, the authors felt obliged to put so

much in such small space that a reviewer sees need for expanding and elaborating, rather than for the customary condensing and summarizing. Thus, a reviewer can do nothing but to proceed with caution to make a brief appraisal of the aggregate.

In the *Preface*, the editors (Barnouw and Landheer) state all too briefly in these words what must be the overall purpose of the composite project:

This volume does not claim completeness. It merely wishes to stress the continuity of human achievement, its gradual growth which has now been broken because some nations believe that a shorter road to success is to rob your neighbors. (p. viii.)

Certainly there should have been some further discussion of the point—especially since all of the writers deal in particular fields without anywhere giving direct attention to the one matter that was calculated to give unity to the whole. Obviously the editors are seeing that Western Culture has little chance to persist, probably cannot endure as a civilization, if, among other things, there does not come a stop to the burning of books, the liquidating of scholars, and the otherwise restricting of intellectual effort that have come in Europe in the recent past. Specifically, they wish to show that the people of Holland are worthy of their intellectual freedom—that the people of Holland have made such contributions to the thought and the arts and the sciences that they deserve to come out of this present world crisis with the intellectual freedom, without which the technological continuity of Western Culture will probably be broken. The writers do quite effectively demonstrate the vast store that the people of Holland have added to the intellectual accomplishment of the Western World but one is slightly disappointed when he finds that the editors do so little in way of explaining the particular point they planned to make this combined effort demonstrate.

Because "science and learning are international and know no boundaries of nationality, language, religion, or race," as Goudsmit and Cohen say in this book, in their article entitled *Physics* (p. 296), the several authors have difficulty at many points in evaluating the Hollanders' contributions. Some of the writers imply with modesty that Holland has no really great names in the fields they are discussing—for example, in political economy. Yet when one reads any particular article with care, he recalls the adage, "Little strokes fell great oaks"—that is, he comes to realize that in the field being considered the aggregate accomplishment of the scholars of Holland is very respectable. And it is somewhat to be regretted that despite all of the actual evidence of Holland's contributions to learning, some of these writers upon occasions strain



much and labor awkwardly in their efforts to make the aggregate accomplishment of Holland scholars appear vast—for example, when one makes Rembrandt, the artist, a rather important psychologist and when another discusses Ph. D. theses written under the guidance of Steinmetz, the sociologist. Really though, small as the nation is and great as its troubles have been, Holland has, as one can see in the course of reading this book, such a long list of great names and semi-great names and probable great names as to make all Hollanders proud—for example: Erasmus, the scholar; Grotius, the jurist; Spinoza (a Hollander only in way of "accident of birth"), the philosopher; Huygens, the physicist and astronomer and mathematician; Stevin, the physicist and teacher; Van 't Hoff, the chemist; Leeuwenhoek, the naturalist; and Hugo de Vries, the biologist.

There are about this book several rather secondary details that require a word. The title of the book is not entirely satisfactory, in that certainly there is enough difference between, for example, theology and physics to preclude their being grouped together under the title science. In the front of the book, there are short biographies of the writers. At the back of the book, there is a short classified bibliography on Dutch learning. All the writers are clear and concise in their style, so that the book is easy to read. The publishing house did a very good job on the book, despite all the difficulties publishers are having now.

There is no reason to believe that this book will be very popular. In fact, the authors, the editors, and the publishers could not have expected it to attract vast attention. However, it does seem that Americans who are especially interested in the people and the affairs of Holland should read the work with considerable interest.

Without committing ourselves to any particular politico-socio-economic philosophy (and the authors do not commit themselves either), we Americans can say to the authors and the editors of this book and to the people of Holland that although we never doubted that Holland is worthy of intellectual freedom, we do understand and appreciate these men's efforts to bring to our attention in this book that if Western Culture is to go onward, there must come complete intellectual freedom throughout the Western World.

*Latin America in Social and Economic Transition*, Proceedings of a Conference sponsored by the University of New Mexico and the Office of the Coordinator of Inter-American Affairs. (Albuquerque: U. of N. M. Press, 1943, pp. 97.)

*Latin America in Social and Economic Transition* is the published collection of papers and speeches presented to the Albuquerque conference of April 14, 15, 1943. Under cover of a very ambitious over-all theme, capable academicians have contributed workmanlike short papers dealing with several aspects of Latin American life as follows:

Land for the People, by Richard F. Behrendt

Certain Factors Involved in the Struggle Against Malnutrition and Disease, by Michel Pijoán

The American Indian: Forgotten Man of Four Centuries, by Donald D. Brand.

Toward Greater Economic Stability, by Richard F. Behrendt

Latin America as a Source of Strategic Materials, by Donald D. Brand

A Hemispheric Experiment in Humanistic Solidarity: A Justification and a Way, by Stuart Cuthbertson

Chile in Transition, by Erna Fergusson

Mexico in Transition, by George I. Sánchez

In confining themselves to the manageable ends of scholarly research and empirical description in their special fields, the speakers did not, in the main, live up to the promise of the theme set for them. Mr. Brand and Mr. Pijoán, both specialists in the particular phases of Indian materials which they treat, are obviously looking at pathological conditions with a clinical eye. The economic studies by Mr. Behrendt and Mr. Brand both suffer somewhat from the abstractness of a census report. They present dimensions, rather than document a process, presumably the intention of the conference.

This fairly general failure to hew to the very promising line implied in the theme of the conference is brought into relief in the paper, "Toward Greater Economic Stability." The writer makes repeated use of statistical comparisons with respect to some phases of industrial production and equipment, between the two Americas—enough to convince the most skeptical reader that the Southern Americas are quite inferior in point of industrialization. However startling the contrasting figures may be, they are not the documentation of a process. Indeed, in the development of the paper, it becomes increasingly evident that the writer is documenting a sort of industrial pathology in the other Americans—a series of very unsatisfactory conditions which be-

come pathological by comparison with the norms of Anglo-American achievement. Mr. Behrendt also offers suggestions for bringing this inferior achievement up. He warns against the dangers of government control of the new industrial equipment, insisting that in spite of the scarcity of Latin American capital,

Future long-range developments should be enabled, as much as possible, to be made through private channels.

For this canalization of investment through private channels he bespeaks:

... A new basis of inter-American partnership with joint responsibility and mutual benefits . . . to avoid some of the sad experiences of the past, such as debt defaults, expropriations, . . . extremist experiments with labor and government management of certain industries, extremely costly to the very Latin American countries which undertook them. . . . The recent trip to South America of Mr. Eric Johnston, President of the United States Chamber of Commerce, is an interesting symptom of the incipient development along this line.

Now the generosity of the people who would confer the benefits of Anglo-American industrial efficiency on other peoples is not to be decried. But the people who would confer those benefits without regard to the institutional evolution of the proposed beneficiaries, who think in terms of conditions, rather than in terms of historical process, put themselves dangerously close to the category of uplifters. One very brief paper by Miss Fergusson on "Chile in Transition" is, by way of contrast, an excellent treatment of the subject from within the norms of Chilean social processes, applauding Chilean achievements in democracy and industry, but never once offering to uplift them by way of Anglo-American norms. The notes on Mr. Sanchez's speech, "Mexico in Transition," are disappointing in that they give mere clues as to what he said on a subject to which he is well qualified to make an outstanding contribution.

In spite of the criticism that most of the contributors have been more concerned to present dimensions and conditions, than to document a process of transition, this little book has much to recommend it. The Whitemanesque translations by Mr. Cuthbertson of the verse of a Peruvian poet, José Santos Chocano, are worth the price of the book. The book contains no data which are not relevant to a synthesis of social and economic transition in Latin America. In spite of its immersion in the Anglo-Saxon climate of opinion as a vantage point from which to "do good," it is probably less provincial with respect to the other Americas than is American scholarship in general.

The University of Texas

EASTIN NELSON

Murphy, Arthur E., *The Uses of Reason*, (New York: The Macmillan Company, 1943, pp. 346.)

This is a book that needed to be written and deserves to be read. It is an analysis and exposure of the numerous forms of irrationalism now prevailing and a theory of the proper function of reason.

In the early chapters Professor Murphy analyzes the present state of mind. The widespread disrespect for rational foundations has contributed in no small measure to mental and moral confusion. It is also, in part, a consequence of this confusion. Many people believe that science and liberal thought have failed to provide guidance to the present generation, and that this failure is because of their inability to furnish assured principles and values. Sceptical of worth of unsupported reason, these persons advocate a variety of dogmatic faiths. Some of them are for a return to the authority of the church, others for faith in cosmic purpose, and others for the discipline of some kind of dictatorial or class leadership.

There follows a discussion of the rational use of ideas in the pursuit of truth and moral values. It is true, Professor Murphy points out, that reason, in classical and modern tradition, was interpreted too narrowly and rigidly to serve current science, either natural or social. But it is also true that the sciences have interpreted their aims and methods so narrowly that they rule out all data that would confirm or refute judgments of right and wrong, just and unjust, wise and foolish.

Attempts to formulate a logic or a theory of knowledge in conformity with this interpretation of scientific reality are numerous and popular. Professor Murphy has here a wide field for the exercise of his excellent abilities in criticism. Among the theories that come under his scrutiny are: semantics, the doctrine that if a term has no referent that can be pointed to, it is mere verbiage (Hayakawa and Stuart Chase); pragmatism, whose leaders "never recovered from their early fright of metaphysics" and who claim that truth is tested by utility (this with due recognition of the contributions of Peirce, James, and Dewey); positivism, including the operational logic of Bridgman, which rules out rational moral enquiry "by stipulating that only that would be pertinent to physics or biology can count as objective in morals"; ethical relativism, which argues from the data of genetic and comparative morality that there are no valid moral standards.

Many of the ideas of current social and political discussion are



based on the above shaky foundations. They take for granted that words like "just," "right," "true," "good" are catch words which astute leaders use for propaganda purposes, and nothing more; that ideals are "ideologies," useful false fronts to cover real interests; that the ideas embodied in revolutionary literature are "myths" which make it possible for people "to believe with good conscience what they want to believe." Professor Murphy takes pains to trace their roots the arguments of such books as Thurman Arnold, *Folklore of Capitalism*, Crane Brinton, *Anatomy of Revolution*, Pareto, *Mind and Society*, James Burnham, *The Managerial Revolution*, N. Spykman, *America's Strategy in World Politics*, O. Spengler, *Hour of Decision* and the publications of "The Institute of Propaganda Analysis." Geopolitics also has to take its turn on the mat.

The better part of Professor Murphy's theoretical view is developed in his critical analysis. When, in Chapter 3 of Part III, he gets around to his positive treatment of the efficacy of reason his writing loses something of its incisiveness, and he frequently uses language that should never be heard outside of a classroom. Happily, however, he sets up his theory in opposition to other writers, and so he is soon back to his forte, that of analysis and criticism. He evaluates Reinhold Niebuhr, *The Nature and Destiny of Man*, analyses the "true liberalism" of Paul Drucker, *Future of Industrial Man*, and exposes Sorokin, *The Present Crisis of Our Age*.

The book as a whole, both critically and constructively, leaves no doubt that there is no valid alternative to reason.

The University of Texas

E. T. MITCHELL

Kjellstrom, Erik T. H.; Gluck, Gustave Henry; Jacobsson, Per; Wright, Ivan; *Price Control: The War Against Inflation*, (New Brunswick: Rutgers University Press, 1942, pp. x, 171.)

This little book is a compilation of four essays analyzing price control in Sweden, Canada, Great Britain, and Switzerland—nations where normally "the entire national economy is . . . regulated by the price structure." Or, as another author puts it, nations in which "Rising and falling prices, based on shifts in costs, supply, or demand, are the main guides to production." This is in direct contrast to the Reich Minister's assertion that in Germany "prices and wages are no longer an instrument for the direction of production."

The major issue in these nations is about the same as in any of the other price economies affected directly or indirectly by

the War; namely, how can military needs be supplied and, at the same time, a reasonable equilibrium be maintained between supply and demand in the civilian-goods market? Productive resources have been directed toward military output. This has the effect of curtailing civilian goods and, at the same time, of increasing national income. Demand, therefore, is increased at the same time as supply is decreased, and each operates to aggravate the other. As Professor Kjellstrom puts it, "more and more money is bidding for less and less goods with the result that prices will rise, cost of living increase, the value of savings decline, and so on."

The authors distinguish between *functional* and *direct* price control. *Functional* controls are back-door attacks upon the real problem of run-away prices. The purpose of *functional* controls is to bring results without hurting the feelings of those who are controlled. For instance, instead of freezing wages the Swedish government encourages voluntary agreements between the Association of Industrial Employers and the Federation of Swedish Labor Unions. Another illustration of *functional* control is the severe tax schedule and the active borrowing program imposed in Canada and Great Britain to draw off excess purchasing power. The Swiss government has not resorted as much to taxing and borrowing because of its limited military program. All four nations try to stimulate output of vital foodsuffs with subsidies, and Canada even encourages price increases where supply is elastic. Subsidies lighten the burden of direct price control by enabling businessmen to meet their costs without pressing for higher prices. Subsidies are also granted to Swiss and Swedish importers of necessities, who are forced to buy from high-priced neighbors such as Germany, Holland, and Belgium. Some of the common *direct* controls are wage-ceilings (modified in Canada with cost-of-living bonuses), wage deferments, rationing, and retail price ceilings. *Direct* controls generally require new administrative bureaus while *functional* controls are handled by departments and commissions of a more permanent nature.

In the opinion of the reviewer the greatest contribution made by this book lies in its vivid illustrations of the effect of changes in supply and demand upon market prices. It reasserts the well-known fact that certain principles of economics are fundamental in every capitalistic economy. Furthermore, it reaffirms the fact that administration of national and international economic controls requires a sound understanding and application of these basic principles.

The University of Texas

L. K. BRANDT

Micaud, Charles A., *The French Right and Nazi Germany, 1933-1939*. (Durham, North Carolina: Duke University Press, 1943, pp. x, 255.)

"The purpose of this study," says the author in the first sentence of his introduction, "is to follow the evolution of the foreign policy of the French 'Right' in terms of the growing menace of Pan-Germanism from the advent of Adolf Hitler to power until the outbreak of the second World War." This objective is achieved quite convincingly and with thoroughness. There seems to be scarcely a gap anywhere; certainly there is no significant omission. Neither as to facts nor as to interpretation does the author make himself a target of destructive criticism.

Even casual students of recent French history have been aware of the lack of stability—the shifting character—of French foreign policy from 1933 to the outbreak of hostilities in 1939, but the factors which produced these alterations of policy have not been understood by many. Mr. Micaud, by focusing attention on the French "Right," facilitates such an understanding, whether the government at any particular moment was dominated by the "Right" or by the "Left."

The reader needs to note carefully the author's explanation of the term "Right" and to observe that it was composed of more than one political party or faction which did not always agree on matters of foreign policy but with almost unvarying consistency regarded the danger of a Russian-supported "Leftist" revolution in France as more imminent and (or) more to be feared than German hegemony in continental Europe. Hence the "Right" lost its zeal for collective security after Russia joined the League of Nations. This dread of the "Social Revolution" within France and the consequent vassalage of France to the Komintern caused the "Right" to play into Hitler's hands, to support a policy of appeasement all the way from the remilitarization of the Rhineland to the dismemberment of Czecho-slovakia, and to espouse various alternatives to an alliance with the U.S.S.R. (the Stresa Front; rapprochement with Italy following its conquest of Ethiopia; military alliance with England and Poland; etc.) until it was too late for France to adopt the only course that could check Hitler. All of this is surveyed step by step and from crisis to crisis by reference to the published statements of the spokesmen of political factions and the molders of French public opinion.

The book obviously is intended for scholars and for close students of French politics rather than for the average layman.

Moreover, it contains a very considerable number of French terms and phrases which would not be understood by readers who have no command of the French language. Otherwise it is readable enough, and from the standpoint of the mechanics of composition and typography the work approximates perfection.

Louisiana Polytechnic Institute

J. O. VAN HOOK

Babcock, F. Lawrence, *The U. S. College Graduate*. (New York: The Macmillan Company, 191, pp. 112.)

This book attempts to describe certain characteristics of the estimated 2,700,000 college graduates in the United States in the year 1939. Over 1,000 colleges cooperated in securing information for a supposedly typical sample of all our graduates. The book is mainly concerned with the economic status of college graduates. It shows that ninety-two per cent of the 1,700,000 men graduates were gainfully employed with only two per cent unemployed or on relief. Of the 1,000,000 women graduates, ninety-one per cent were gainfully employed, wives, or widows, and three per cent were unemployed or on relief. Twenty-seven per cent of the men graduates and five per cent of the women graduates were working for themselves. The main types of professional or business employment are described for the men and women separately. The primary emphasis of the book is on the incomes of college graduates. The median total income of college graduate families in 1939 are compared with similar figures for all families in 1935-1936. It is found that the median graduate income is two or three times that for the United States as a whole. The book recognizes that these figures are not strictly comparable but assumes the general comparison is roughly valid. It is argued that nearly two-thirds of the United States families with incomes of more than \$3,000 are college graduate families, and less than one-twentieth of the families with incomes under \$3,000 are college graduate families. Although the book occasionally expresses some caution as to causal relationships, the average reader will doubtless think that graduation from college is the main cause of this economic difference. The median incomes of men and women in different businesses and professions are shown by different age groups. It is even suggested that the people who graduate from Yale, Harvard, or Princeton will have incomes after they have passed the age of forty that are twice as large as the incomes of other college graduates (page 42). There are other figures as to the geographical distribution of college graduates, their family and home status, and age distribution. The book rather uncritically suggests "that a college



degree is very likely to lead women to spinsterhood but not lead men to bachelorhood," since eighty-four per cent of men graduates have married by the time they are forty but only forty-six per cent of women graduates have married.

The book has much useful information. It can easily be misused by uncritical readers, such as ambitious college presidents. It gives many facts about college graduates, but it offers no adequate analysis of the different factors other than college graduation which may be involved.

The University of Texas

A. P. BROGAN

Glueck, Sheldon and Eleanor, *Criminal Careers in Retrospect*, (New York: The Commonwealth Fund, 1943, pp. xiv, 380.)

This volume is the third of a series by the authors dealing with the problem of crime. The first volume, *500 Criminal Careers*, published in 1930, was a study of 510 offenders who had been released from the Massachusetts Reformatory five years before. The second volume, *Later Criminal Careers*, published in 1937, was a follow-up study of the same group of offenders ten years after release from prison. The present volume, *Criminal Careers in Retrospect*, is a study of the group fifteen years after the expiration of their sentences.

Of the original group of 510, 71 had died in the intervening fifteen years, leaving 439 with which *Criminal Careers in Retrospect* is concerned.

The present study included information dealing with the family backgrounds, personality traits, and the general life situations of the 439. The real significance of the study, aside from the mere fact of the proportion which had become law-abiding citizens, is to be found in possibilities for the future in the application of social treatment for delinquents. Massachusetts has been outstanding for a number of years in development of new methods for the treatment of the socially maladjusted. This volume is in a sense a validation of the soundness of those practices.

The results of the study apparently add substantially to the belief that under wholesome treatment a fairly large proportion of offenders can be rehabilitated and restored to a life of useful citizenship. All the evidence indicates that better methods of treatment are at least worthy of extensive trial.

This volume, in connection with the two preceding volumes, constitutes a significant contribution to the literature dealing with the treatment of the delinquent.

University of Oklahoma

J. J. RHYNE

## Book Notes

*Federalism as a Democratic Process* (New Brunswick: Rutgers University Press, 1942, pp. 90) contains three essays: "Law and Federal Government" by Roscoe Pound; "The Historical Background of Federal Government" by Charles H. McIlwain; and "Federalism versus Democracy" by Roy F. Nichols and is concluded by brief commentaries on the essays by Francis W. Coker and Edward S. Corwin. This publication is Number Two of the Publications of the One-Hundred Seventy-fifth Anniversary Celebration of Rutgers University. Dean Pound supports the thesis that federalism insures a constitutional rather than an absolute democracy—a democracy based upon reason and history rather than upon impulse and the unrestrained dictates of the democratic majority. He also defends the general effects of the principle of separation of powers which, he thinks, have insured thus far that "no department has been able to make permanent its temporary leadership. The essentials of the system of balance and distribution have remained." (p. 16). Professor Coker questions Professor McIlwain's attempt to show that the authors of American federalism were influenced in their ideas by certain feudal relations of Wales, Scotland, Ireland, and the Channel Islands to England. Professor Corwin addresses himself to comments on the third essay by Roy F. Nichols. This essay is largely concerned with the redefinitions of federalism formulated during the period leading up to the Civil War. Because of the excellent character of the essays and the distinguished contributors, this volume is one of importance.

O.D.W.

Carl L. Becker's *Cornell University: Founders and the Founding*. (Ithaca, New York: The Cornell University Press, 1943, pp. viii, 240.) contains six lectures given by Carl Becker on the founding of Cornell University. The book is a fine combination of sound scholarship and delightful writing. It discusses early phases of education in this country, the Morrill Land Grant College Act, and then the activities of Ezra Cornell and Andrew D. White in the founding of Cornell University. If anyone is inclined to be apologetic about some occurrences in the history of education in the Southwest, he will be surprised to learn that the State of New York in former times could give many lessons to unscrupulous politicians. In the appendix to this book may be found many

documents pertaining to the founders and the founding of Cornell University. The book concludes with a careful bibliography and many scholarly notes.

A.P.B.

*Documents on American Foreign Relations, July 1942 - June 1943* (Boston: World Peace Foundation, 1944, pp. xxxv., 735), edited by Leland M. Goodrich and Marie J. Carroll, is the fifth volume bearing this same title put out by the World Peace Foundation. As before it is a collection of documents and of the utterances of the chief formulators of American foreign policy. The documents are classified under twelve major headings which are in turn divided into numerous sub-headings. The 735 pages of documents dealing with every conceivable matter and with every country in the world are themselves an excellent argument that the United States is inescapably part of the world and cannot hope to hold herself aloof from it. The value to the student of international relations of having all these documents collected, neatly classified, and bound between two covers is self-evident.

D.S.S.

*You and Your Congress* (New York: William Morrow & Co., 1944, pp. vii, 280) by Volta Torrey is a breezy journalistic expose of many of the defects of Congress and of the game of politics which goes on in and around the national lawmaking body. As the author states: "This book is for voters and people who ought to be voters. It is not intended for experienced politicians, professors of political science, or political commentators. The experts will find that it consists of old stuff." As such it very well fulfills its purpose, and if it succeeds in initiating many of the general public into the devious ways of Congressional politics it will have served a useful end.

O.D.W.

The American Council on Public Affairs has just published a volume entitled *Hitler's Words* (Washington: 1944, pp. 400), edited by Gordon W. Prange with an introduction by Frederick Schuman. It consists of many excerpts from the utterances of Adolf Hitler and is arranged in twenty chapters covering as many topics to which the Fuehrer has addressed himself in the course of his career. The excerpts are well selected. Many of them are from sources not hitherto translated into English. They cover the entire period of the history of National Socialism from 1923 to 1943.

O.D.W.

## REPORT OF THE *QUARTERLY*

JUNE 1943 - JUNE 1944

The *Quarterly* must speak for itself. The effect of the failure to hold meetings of the Association seems not to have fatally, if at all, limited the number of articles available for publication. The number of articles submitted however has not been as large as in past years. In fact, the file of unused articles at the time of going to press for each issue has been practically non existent. In order to get a desirable distribution as to subjects covered it has been necessary for the editor to ask for contributions in specific fields.

Due to the decrease in articles presented for publication, the decrease in size of individual issues has brought a commensurate decrease in cost of printing. Financially, the *Quarterly* has not been the cause of undue strain upon the income of the Association.

Individuals should hesitate no longer to write those articles which they have had in mind for the last several years. The editors will be delighted to receive and consider them for publication.

RUTH A. ALLEN,  
Editor in Chief.



HAROLD A. DULAN  
CERTIFIED PUBLIC ACCOUNTANT  
Box 1871, UNIVERSITY STATION  
Austin, Texas

May 10, 1944

Southwestern Social Science Association  
The University of Texas  
Austin, Texas

Gentlemen:

At the request of your president, Dr. Wiley D. Rich, I have checked the record of receipts and disbursements of your organization for the year ending January 31, 1944. As supported by bank deposit slips the record of receipts is correct, and the disbursements record balances with the checks written on the Austin National Bank, Austin, Texas. Deposits and withdrawals by check verify with the bank statements as submitted. I have verified the cash balance as of January 31, 1944 by direct contact with the bank.

Dr. Donald S. Strong, your Secretary-Treasurer, states that the Association has no assets other than cash in bank, and I could find no evidence of existing liabilities. The unsold past issues of *The Southwestern Social Science Quarterly* are not considered assets because they have no tangible value.

Attached is a statement of receipts and disbursements for the year ending January 31, 1944.

Respectfully submitted,

HAROLD A. DULAN

**Southwestern Social Science Association**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES**  
**FOR THE YEAR ENDING JANUARY 31, 1944**

**RECEIPTS:**

**Membership:**

Individual .....	\$ 537.00
Libraries .....	468.75
Sale of Individual <i>Quarterlies</i> .....	29.25
Institutional Memberships .....	55.00
Gift of University of Texas Social Science Club .....	100.00
Bank error .....	<u>3.00</u>
<b>TOTAL RECEIPTS .....</b>	<b>\$ 1,193.00</b>

**EXPENDITURES:**

**Publication Costs:**

March <i>Quarterly</i> .....	\$327.70
June <i>Quarterly</i> .....	300.50
September <i>Quarterly</i> ....	295.50
December <i>Quarterly</i> .....	<u>203.00</u>
<b>Total .....</b>	<b>\$ 1,126.70</b>
Postage .....	28.93
Office Supplies .....	3.43
Rubber check .....	3.00
Bank's error .....	.75
Bank charge .....	.03
Agents' fees .....	<u>5.86</u>
<b>TOTAL EXPENDITURES .....</b>	<b>1,168.70</b>

**EXCESS OF RECEIPTS OVER EXPENDITURES....** **\$ 24.30**

Cash Balance January 31, 1943.....	\$ 154.93
Increase in Cash for the Year.....	<u>24.30</u>
Cash Balance January 31, 1944.....	<b>\$ <u>179.23</u></b>